AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 5, 1999
REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

SCG HOLDING CORPORATION
(Exact name of registrant as specified in its charter)
DELAWARE
(State or other jurisdiction of incorporation or organization)
36-3840979
(I.R.S. Employer Identification No.)

5005 E. MCDOWELL ROAD
PHOENIX, AZ 85008
(602) 244-6600
(Address and telephone number of principal executive offices)

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC
(Exact name of registrant as specified in its charter)
DELAWARE
(State or other jurisdiction of incorporation or organization)
36-4292817
(I.R.S. Employer Identification No.)

5005 E. MCDOWELL ROAD
PHOENIX, AZ 85008
(602) 244-6600
(Address and telephone number of principal executive offices)

AND THE GUARANTORS IDENTIFIED IN FOOTNOTE (1) BELOW
(Exact name of registrant as specified in its charter)

3674
(Primary standard industrial classification code number)

GEORGE H. CAVE, ESQ.
SCG HOLDING CORPORATION
5005 E. MCDOWELL ROAD
PHOENIX, AZ 85008
(602) 244-5226
(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES OF CORRESPONDENCE TO:
STEPHEN H. SHALEN, ESQ.
CLEARY, GOTTLIEB, STEEN & HAMILTON
ONE LIBERTY PLAZA
NEW YORK, NEW YORK 10006

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: / /

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement from the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

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(1)The following domestic direct subsidiaries of SCG Holding Corporation, each of which is incorporated or organized in Delaware and has the I.R.S. employer identification number indicated, are Guarantors of the Notes and are Co-Registrants: SCG (Malaysia SMP) Holding Corporation (36-4307329), SCG (China) Holding Corporation (36-4265717) and SCG (Czech) Holding Corporation (36-4292303). The following domestic direct subsidiaries of Semiconductor Components Industries, LLC, each of which is incorporated or organized in Delaware and has the I.R.S. employer identification number indicated, are also Guarantors of the Notes and are Co-Registrants: Semiconductor Components Industries Puerto Rico, Inc. (36-4304551) and SCG International Development, LLC (36-4292819).

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM OFFERING PRICE (1)	AMOUNT OF REGISTRATION FEE
12% Senior Subordinated Notes due 2009.....	$400,000,000	100%	$400,000,000	$111,200

Guarantee of the 12% Senior Subordinated Notes due 2009.....	$400,000,000	(2)	(2)	(2)

(1) Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933, as amended.

(2) No additional consideration for the Guarantees of the 12% Senior Subordinated Notes due 2009 will be furnished. Pursuant to Rule 457(n) under the Securities Act, no separate fee is payable with respect to the Guarantees.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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THE INFORMATION CONTAINED IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE AMENDED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE RELATED REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY APPLICABLE STATE SECURITIES COMMISSION BECOMES EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL NOR IS IT SEEKING AN OFFER TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED NOVEMBER 5, 1999

PROSPECTUS

EXCHANGE OFFER FOR

$400,000,000

SCG HOLDING CORPORATION

[LOGO]

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC
12% SENIOR SUBORDINATED NOTES DUE 2009

TERMS OF THE EXCHANGE OFFER

- - We are offering to exchange the notes that we sold in private and offshore offerings for new registered exchange notes.

- - The exchange offer expires at 5:00 p.m., New York City time on , unless extended.

- - Tenders of outstanding notes may be withdrawn at any time prior to the expiration of the exchange offer.

- - All outstanding notes that are validly tendered and not validly withdrawn will be exchanged.

- - We believe that the exchange of notes will not be a taxable exchange for U.S. federal income tax purposes.

- - We will not receive any proceeds from the exchange offer.

- - The terms of the notes to be issued are identical to the outstanding notes, except for the transfer restrictions and registration rights relating to the outstanding notes

WE ARE NOT MAKING AN OFFER TO EXCHANGE NOTES IN ANY JURISDICTION WHERE THE OFFER IS NOT PERMITTED.

INVESTING IN THE NOTES ISSUED IN THE EXCHANGE OFFER INVOLVES CERTAIN RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 9.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED THE NOTES TO BE DISTRIBUTED IN THE EXCHANGE OFFER, NOR HAVE ANY OF THESE ORGANIZATIONS DETERMINED THAT THIS PROSPECTUS IS TRUTHFUL AND COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is , .

TABLE OF CONTENTS

PROSPECTUS SUMMARY

IN THIS PROSPECTUS, UNLESS OTHERWISE INDICATED, THE TERMS "WE," "OUR," "OURS" AND "US" REFER TO SCG HOLDING CORPORATION TOGETHER WITH ITS WHOLLY-OWNED DIRECT AND INDIRECT SUBSIDIARIES, INCLUDING SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC AND FOREIGN JOINT VENTURES IN WHICH SCG HOLDING HAS SUBSTANTIAL INDIRECT OWNERSHIP. HOWEVER, IN THE CONTEXT OF OUR OPERATIONS OR RESULTS PRIOR TO OUR AUGUST 1999 RECAPITALIZATION, SUCH TERMS SHALL REFER TO THE SEMICONDUCTOR COMPONENTS GROUP OF THE SEMICONDUCTOR PRODUCTS SECTOR OF MOTOROLA, INC.

The following summary highlights selected information from this prospectus and may not contain all of the information that is important to you. This prospectus includes specific terms of the notes we are offering, as well as information regarding our business and detailed financial data. We encourage you to read this prospectus in its entirety.

THE COMPANY

OVERVIEW

We are the largest independent supplier of semiconductor components in the world. Formerly known as the Semiconductor Components Group of the Semiconductor Products Sector of Motorola, Inc., we are now an independent company as a result of our August 1999 recapitalization. Affiliates of Texas Pacific Group ("TPG") own approximately 91% and Motorola owns approximately 9% of our voting stock. We have recently begun marketing our products under our new trade name, ON Semiconductor-TM-.

THE EXCHANGE OFFER

On August 4, 1999, we issued $400,000,000 aggregate principal amount of 12% Senior Subordinated Notes due 2009 to Chase Securities Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers Inc. in private and offshore offerings. These initial purchasers sold the notes to institutional investors and non-U.S. persons in transactions exempt from the registration requirements of the Securities Act of 1933. The notes are guaranteed by all five of our domestic subsidiaries: SCG (Malaysia SMP) Holding Corporation, SCG (China) Holding Corporation, SCG (Czech) Holding Corporation, Semiconductor Components Industries Puerto Rico, Inc. and SCG International Development, LLC.

EXCHANGE OFFER AND REGISTRATION RIGHTS AGREEMENT

When we issued the initial notes, we entered into an Exchange Offer and Registration Rights Agreement in which we agreed, among other things, to use our best efforts to complete the exchange offer for the initial notes on or prior to March 1, 2000.

THE EXCHANGE OFFER

Under the terms of the exchange offer, you are entitled to exchange the initial notes for registered exchange notes with substantially identical terms. You should read the discussion under the heading "Description of Exchange Notes" for further information regarding the exchange notes. As of this date, there are $400,000,000 aggregate principal amount of the initial notes outstanding. The initial notes may be tendered only in integral multiples of $1,000.

RESALE OF EXCHANGE NOTES

We believe that the exchange notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act of 1933, provided that:

- you are acquiring the exchange notes in the ordinary course of your business,

- you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate in the distribution of the exchange notes and

- you are not an "affiliate" of ours.

If any of the foregoing are not true and you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from the registration requirements of the Securities Act, you may incur liability under the Securities Act.

We do not assume or indemnify you against such liability.

If you are a broker-dealer and receive exchange notes for your own account in exchange for initial notes that you acquired as a result of market making or other trading activities, you must acknowledge that you will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange notes. A broker-dealer may use this prospectus for an offer to resell, resale or other transfer of the exchange notes.

CONSEQUENCES OF FAILURE TO EXCHANGE INITIAL NOTES

If you do not exchange your initial notes for exchange notes, you will no longer be able to force us to register the initial notes under the Securities Act. In addition, you will not be able to offer or sell the initial notes unless:

- the offer or sale is registered under the Securities Act or

- you offer or sell them under an exemption from the requirements of, or in a transaction not subject to, the Securities Act.

EXPIRATION DATE

The exchange offer will expire at 5:00 p.m., New York City time, on , unless we decide to extend the expiration date.

INTEREST ON THE EXCHANGE NOTES

The exchange notes will accrue interest at 12% per year, beginning on the last date we paid interest on the initial notes you exchanged. We will pay interest on the exchange notes on February 1 and August 1 of each year through the maturity date of August 1, 2009.

CONDITIONS TO THE EXCHANGE OFFER

We will proceed with the exchange offer, so long as:

- the exchange offer does not violate any applicable law or applicable interpretation of law of the staff of the Securities and Exchange Commission;

- no litigation materially impairs our ability to proceed with the exchange offer and

- we obtain all the governmental approvals we deem necessary for the exchange offer.

PROCEDURES FOR TENDERING INITIAL NOTES

If you wish to accept the exchange offer, you must:

- complete, sign and date the letter of transmittal or a facsimile of it and

- send the letter of transmittal and all other documents required by it, including the initial notes to be exchanged, to State Street Bank and Trust Company, as exchange agent, at the address set forth on the cover page of the letter of transmittal. Alternatively, you can tender your initial notes by following the procedures for book-entry transfer, as described in this prospectus.

GUARANTEED DELIVERY PROCEDURE

If you wish to tender your initial notes and you cannot get your required documents to the exchange agent by the expiration date, you may tender your initial notes according to the guaranteed delivery procedure described under the heading "The Exchange Offer--Guaranteed Delivery Procedure."

WITHDRAWAL RIGHTS

You may withdraw the tender of your initial notes at any time prior to 5:00 p.m., New York City time, on the expiration date. To withdraw, you must send a written or facsimile transmission notice of withdrawal to the exchange agent at its address set forth herein under "The Exchange Offer--Exchange Agent" by 5:00 p.m., New York City time, on the expiration date.

ACCEPTANCE OF INITIAL NOTES AND DELIVERY OF EXCHANGE NOTES

If all of the conditions to the exchange offer are satisfied or waived, we will accept any and all initial notes that are properly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the expiration date. We will deliver the exchange notes promptly after the expiration date.

TAX CONSIDERATIONS

We believe that the exchange of initial notes for exchange notes will not be a taxable exchange for federal income tax purposes. You should consult your tax adviser about the tax consequences of this exchange as they apply to your individual circumstances.

EXCHANGE AGENT

State Street Bank and Trust Company is serving as exchange agent for the exchange offer.

FEES AND EXPENSES

We will bear all expenses related to consummating the exchange offer and complying with the Exchange Offer and Registration Rights Agreement.

DESCRIPTION OF EXCHANGE NOTES

ISSUERS

SCG Holding Corporation and Semiconductor Components Industries, LLC.

NOTES OFFERED

$400,000,000 aggregate principal amount of 12% Senior Subordinated Notes due 2009. The form and terms of the exchange notes are the same as the form and terms of the initial notes, except that the offering and distribution of the exchange notes will be registered under the Securities Act. Therefore, the exchange notes will not bear legends restricting their transfer and will not be entitled to registration under the Securities Act. The exchange notes will evidence the same debt as the initial notes and both the initial notes and the exchange notes are governed by the same indenture.

MATURITY

August 1, 2009.

INTEREST PAYMENT DATES

February 1 and August 1 of each year.

SINKING FUND

None.

OPTIONAL REDEMPTION

At any time on or after August 1, 2004, we may redeem some or all of the exchange notes at the redemption prices listed under the heading "Description of Exchange Notes--Optional Redemption." In addition, at any time and from time to time prior to August 1, 2002, we may redeem up to $140,000,000 of the aggregate principal amount of the exchange notes with the proceeds of certain public offerings of equity in our company.

CHANGE OF CONTROL

Upon a change of control, you will have the right to require us to repurchase all or a portion of your exchange notes at a price in cash equal to 101% of their original aggregate principal amount, together with accrued and unpaid interest and liquidated damages, if any, to the date of repurchase.

EXCHANGE NOTE GUARANTEES

Some of our subsidiaries will guarantee the exchange notes. If we cannot make payments on the exchange notes when they are due, the guarantor subsidiaries are obligated to make them.

RANKING

The exchange notes will be unsecured and subordinated in right of payment to all of our existing and future senior debt, including borrowings under our senior credit facilities. The exchange notes will rank equal in right of payment with all of our existing and future senior subordinated debt and senior in right of payment to all of our existing and future subordinated debt.

The exchange note guarantees will be unsecured and subordinated in right of payment to all existing and future senior debt of the exchange note guarantors, including all guarantees of the exchange note guarantors under our senior bank facilities. The exchange note guarantees will rank equal in right of payment with all existing and future senior subordinated debt of the exchange note guarantors and senior in right of payment to all existing and future subordinated debt of the exchange note guarantors.

CERTAIN COVENANTS

The indenture under which we will issue the exchange notes will, among other things,

restrict our ability and the ability of our subsidiaries to:

- borrow money,

- guarantee other indebtedness,

- pay dividends on stock, redeem stock and redeem subordinated debt,

- enter into agreements that restrict dividends from subsidiaries,

- sell assets,

- enter into affiliate transactions,

- sell capital stock of subsidiaries,

- enter into new lines of business and

- merge or consolidate.

For more details, see "Description of Exchange Notes--Certain Covenants."

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the exchange notes.

FORWARD-LOOKING STATEMENTS

Certain of the information contained in this prospectus, including information with respect to our plans and strategy for our business and its financing, are forward-looking statements. For a discussion of important factors that could cause actual results to differ materially from the forward-looking statements, see "Risk Factors."

PRINCIPAL EXECUTIVE OFFICE

Our headquarters are located at 5005 E. McDowell Road, Phoenix, Arizona 85008 (telephone number (602)244-6600).

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-4 under the Securities Act relating to the exchange offer. This prospectus does not contain all of the information included in the registration statement. Any statement made in this prospectus concerning the contents of any contract, agreement or other document is not necessarily complete. If we have filed any of those contracts, agreements or other documents as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

Following the exchange offer, we will be required to file periodic reports and other information with the SEC under the Securities Exchange Act of 1934, as amended. In the indenture governing the exchange notes, we have agreed to file with the SEC financial and other information for public availability. In addition, the indenture governing the exchange notes requires us to deliver to you, or to State Street Bank and Trust Company for forwarding to you, copies of all reports that we file with the SEC without any cost to you. We will also furnish such other reports as we may determine or as the law requires.

You may read and copy the registration statement, including the attached exhibits, and any reports, statements or other information that we file at the SEC's public reference room in Washington, D.C. You can request copies of these documents, upon payment of a duplicating fee, by writing the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Our SEC filings will also be available to the public on the SEC Internet site (http:// www.sec.gov).

You should rely only on the information provided in this prospectus. No person has been authorized to provide you with different information. Neither Motorola, Inc. nor any of its subsidiaries, nor TPG nor any of its other affiliates is responsible for, or is making any representation to you concerning, our future performance or the accuracy or completeness of this prospectus.

The information in this prospectus is accurate as of the date on the front cover. You should not assume that the information contained in this prospectus is accurate as of any other date.

SUMMARY PRO FORMA LAST TWELVE MONTHS FINANCIAL DATA

The following table sets forth our summary pro forma combined financial data for the periods and date indicated. We based this summary pro forma financial data on our unaudited pro forma combined financial statements for the fiscal year ended December 31, 1998 and the six-month periods ended June 27, 1998 and July 3, 1999 and as of July 3, 1999. See "Unaudited Pro Forma Combined Financial Data." The Motorola fiscal year ends on December 31st of each year, and each of the first three fiscal quarters of each fiscal year ends on the Saturday closest to the calendar quarter end. As a result, the six-month period ended July 3, 1999 was longer than the six-month period ended June 27, 1998. You should read this information in conjunction with the unaudited pro forma combined financial statements included elsewhere in this prospectus and "Management's Discussion and Analysis of Financial Position and Results of Operations."

	PRO FORMA FISCAL YEAR ENDED DECEMBER 31, 1998	PRO FORMA SIX MONTHS ENDED JUNE 27, 1998	PRO FORMA SIX MONTHS ENDED JULY 3, 1999	PRO FORMA TWELVE MONTHS ENDED JULY 3, 1999
	(DOLLARS IN MILLIONS, EXCEPT FOR RATIOS)			
STATEMENT OF INCOME INFORMATION:				
REVENUES:				
Net sales--trade (product revenues)	$1,473.8	$ 772.5	$773.2	$1,474.5
Foundry sales(1)	162.3	87.0	79.6	154.9
Total revenues	1,636.1	859.5	852.8	1,629.4
DIRECT AND ALLOCATED COSTS AND EXPENSES:				
Cost of sales	1,198.0	618.0	619.7	1,199.7
Research and development	38.4	21.0	17.7	35.1
Selling and marketing	92.4	48.3	33.9	78.0
General and administrative	193.2	112.5	84.4	165.1
Restructuring and other charges	189.8	189.8	--	--
Operating income (loss)	(75.7)	(130.1)	97.1	151.5
OTHER INCOME (EXPENSES):				
Equity in earnings from joint ventures	4.7	1.4	0.2	3.5
Interest expense	(128.4)	(64.1)	(64.6)	(128.9)
Minority interest(2)	(6.2)	(1.7)	(0.7)	(5.2)
Other expenses, net	(129.9)	(64.4)	(65.1)	(130.6)
Revenues less direct and allocated expenses before taxes	$ (205.6)	$(194.5)	$ 32.0	$ 20.9
SUPPLEMENTAL DATA:				
Adjusted EBITDA(3)	$ 268.4	$ 130.7	$170.4	$ 308.1
Depreciation and amortization	149.6	69.6	73.1	153.1
Capital expenditures	126.2	91.3	58.3	93.2
Pro forma cash interest expense	115.6	57.8	57.8	115.6
Ratio of pro forma Adjusted EBITDA to pro forma cash interest expense(4)				2.7x
Ratio of pro forma cash-pay debt to pro forma Adjusted EBITDA(5)				3.7x

BALANCE SHEET DATA (END OF PERIOD):	
Total assets	$ 924.3
Total cash-pay debt	1,125.3
Total debt	1,216.3
Total redeemable preferred stock	209.0
Total equity	(613.8)

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(1) Foundry sales represent products manufactured for other divisions of Motorola's Semiconductor Products Sector. Historically, Motorola recorded these foundry sales as an offset to cost of sales at cost. We intend to record such sales in a manner consistent with other third-party sales in the future. We and Motorola have agreed to continue providing manufacturing services to each other for limited periods of time following our recapitalization at fixed prices that are intended to approximate each party's cost of providing the services. Foundry sales increase both revenues and cost of sales in our unaudited pro forma combined financial statements.

(2) Prior to our recapitalization, certain joint ventures, in which we have investments, were accounted for in our audited combined financial statements on the equity method and were financed with equity contributions from joint venture partners and third-party non-recourse borrowings. In connection with our recapitalization, the third-party borrowings were refinanced with intercompany loans from us. The pro forma financial data reflects the adjustments to consolidate these joint venture investments and record minority interest for the combined joint ventures upon consolidation.

(3) Adjusted EBITDA represents earnings before (a) taxes on income, (b) interest expense, (c) depreciation and amortization, (d) restructuring and other charges and (e) minority interest. We are including Adjusted EBITDA data because we understand that some investors consider such information as an additional basis on which to evaluate our ability to pay interest, repay debt and make capital expenditures. Because all companies do not calculate Adjusted EBITDA identically, the presentation of Adjusted EBITDA herein is not necessarily comparable to similarly entitled measures of other companies. Adjusted EBITDA is not intended to represent and should not be considered more meaningful than, or an alternative to, measures of operating performance as determined in accordance with generally accepted accounting principles.

(4) We have calculated our ratio of pro forma Adjusted EBITDA to pro forma cash interest expense using pro forma Adjusted EBITDA divided by the pro forma cash interest expense for the twelve months ended July 3, 1999.

(5) We have calculated our ratio of pro forma cash-pay debt to pro forma Adjusted EBITDA using total pro forma cash-pay debt of $1,125.3 million, divided by pro forma Adjusted EBITDA for the twelve months ended July 3, 1999.

SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

The following table sets forth our summary historical and pro forma financial data for the periods indicated. We based this summary historical financial data on our audited historical combined financial statements for the fiscal years ended December 31, 1996, 1997 and 1998. See "Index to Financial Statements." The summary pro forma financial data are based on the Unaudited Pro Forma Combined Financial Data for the fiscal year ended December 31, 1998 and the six month period ended July 3, 1999. The Motorola fiscal year ends December 31st of each year, and each of the first three fiscal quarters of each fiscal year ends on the Saturday closest to the calendar quarter end. As a result, the six-month period ended July 3, 1999 was longer than the six-month period ended June 27, 1998. You should read this information in conjunction with the audited combined financial statements included elsewhere in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	HISTORICAL SCG YEARS ENDED DECEMBER 31,			PRO FORMA YEAR ENDED	PRO FORMA SIX MONTHS ENDED
	1996	1997	1998	DECEMBER 31, 1998	JULY 3, 1999
	(DOLLARS IN MILLIONS, EXCEPT FOR RATIOS)				
STATEMENT OF INCOME INFORMATION:					
REVENUES					
Net sales--trade (product revenues)	$1,748.0	$1,815.2	$1,493.4	$ 1,473.8	$773.2
Foundry sales(1)				162.3	79.6
Total revenues	1,748.0	1,815.2	1,493.4	1,636.1	852.8
DIRECT AND ALLOCATED COSTS AND EXPENSES:					
Cost of sales	1,128.8	1,119.6	1,068.8	1,198.0	619.7
Research and development	71.7	65.7	67.5	38.4	17.7
Selling and marketing	94.4	110.7	92.4	92.4	33.9
General and administrative	150.8	239.8	201.6	193.2	84.4
Restructuring and other charges	--	--	189.8	189.8	--
Operating income (loss)	302.3	279.4	(126.7)	(75.7)	97.1
OTHER INCOME (EXPENSES):					
Equity in earnings from joint ventures	2.4	1.6	8.4	4.7	0.2
Interest expense(2)	(15.0)	(11.0)	(18.0)	(128.4)	(64.6)
Minority interest(3)	--	--	--	(6.2)	(0.7)
Other expenses, net	(12.6)	(9.4)	(9.6)	(129.9)	(65.1)
Revenues less direct and allocated expenses before taxes	$ 289.7	$ 270.0	$ (136.3)	$ (205.6)	$ 32.0
OTHER FINANCIAL INFORMATION:					
Depreciation and amortization	$ 142.4	$ 144.7	$ 141.2	$ 149.6	$ 73.1
Capital expenditures	190.7	157.8	81.2	126.2	58.3
SUPPLEMENTAL DATA:					
Adjusted EBITDA(4)	$ 447.1	$ 425.7	$ 212.7	$ 268.4	$170.4
Pro forma cash interest expense				115.6	57.8
Cash flow from operating activities, excluding Motorola financing and taxes(5)	424.0	307.5	130.3		
Cash flow from investing activities(5)	(190.7)	(157.8)	(81.2)		
Net financing provided to Motorola(5)	233.3	149.7	49.1		
Ratio of pro forma Adjusted EBITDA to pro forma cash interest expense(6)				2.3x	2.9x
Ratio of pro forma earnings to pro forma fixed charges(7)				--	1.5x

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(1) Foundry sales represent products manufactured for other divisions of Motorola's Semiconductor Products Sector. Historically, Motorola recorded these foundry sales as an offset to cost of sales at cost. We intend to record such sales in a manner consistent with other third-party sales in the future. We and Motorola have agreed to continue providing manufacturing services to each other for limited periods of time following our recapitalization at fixed prices that are intended to approximate each party's cost of providing the services. Foundry sales increase both revenues and cost of sales in our unaudited pro forma combined financial statements.

(2) Historically, Motorola had net interest expense on a consolidated basis for all periods presented. Motorola allocated these amounts to SPS and in turn SPS allocated a portion of these amounts to us primarily on the basis of our net adjusted assets for the years ended December 31, 1996, 1997 and 1998.

(3) Prior to our recapitalization, certain joint ventures, in which we have investments, were accounted for in our audited combined financial statements on the equity method and were financed with equity contributions from joint venture partners and third-party non-recourse borrowings. In connection with our recapitalization, the third-party borrowings were refinanced with intercompany loans from us. The pro forma financial data reflects the adjustments to consolidate these joint venture investments and record minority interest for the combined joint ventures upon consolidation.

(4) Adjusted EBITDA represents earnings before (a) taxes on income, (b) interest expense, (c) depreciation and amortization, (d) restructuring and other charges and (e) minority interest. We are including Adjusted EBITDA data because we understand that some investors consider such information as an additional basis on which to evaluate our ability to pay interest, repay debt and make capital expenditures. Because all companies do not calculate Adjusted EBITDA identically, the presentation of Adjusted EBITDA herein is not necessarily comparable to similarly entitled measures of other companies. Adjusted EBITDA is not intended to represent, and should not be considered more meaningful than or an alternative to, measures of operating performance as determined in accordance with generally accepted accounting principles.

(5) Motorola's cash management system is not designed to track centralized cash and related financing transactions to the specific cash requirements of our business. In addition, Motorola's transaction systems are not designed to track receivables and certain liabilities and cash receipts and payments on a business specific basis. Given these constraints, supplemental cash flow information is included in our audited historical combined financial statements and our unaudited historical combined financial statements to facilitate analysis of key components of cash flow activity. Net financing provided to Motorola does not necessarily represent our cash flows, or the timing of such flows, had we operated on a stand-alone basis.

(6) We have calculated our ratio of pro forma Adjusted EBITDA to pro forma cash interest expense using pro forma Adjusted EBITDA for the year ended December 31, 1998 and the six-month period ended July 3, 1999, divided by the pro forma cash interest expense for each period, respectively.

(7) We have calculated our ratio of pro forma earnings to pro forma fixed charges as earnings, which are revenues less direct and allocated expenses before taxes and before adjustments for income or loss from equity investments and fixed charges, divided by fixed charges, which are expensed and capitalized interest, amortized premiums, discounts and capitalized expenses related to indebtedness and estimated interest included in rental expense. The pro forma deficiency for fiscal year 1998 of $206.4 million is primarily due to the charge recorded in June 1998 to cover one-time costs of Motorola's portion of our recent cost restructuring.

RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED BELOW AND OTHER INFORMATION IN THIS PROSPECTUS BEFORE MAKING ANY DECISION TO INVEST IN THE NOTES. THE RISKS OUTLINED BELOW ARE NOT THE ONLY ONES WE ARE FACING. ADDITIONAL RISKS NOT CURRENTLY KNOWN TO US OR THAT WE CURRENTLY CONSIDER IMMATERIAL MAY ALSO IMPAIR OUR BUSINESS OPERATIONS.

RISKS ASSOCIATED WITH THE EXCHANGE OFFERS AND THE NOTES

TRANSFER RESTRICTIONS--IF YOU DO NOT PARTICIPATE IN THE EXCHANGE OFFER, YOU WILL CONTINUE TO BE SUBJECT TO TRANSFER RESTRICTIONS.

If you do not exchange your initial notes for exchange notes pursuant to the exchange offer, you will continue to be subject to the restrictions on transfer of your initial notes. We do not intend to register the initial notes under the Securities Act. To the extent initial notes are tendered and accepted in the exchange offer, the trading market, if any, for the initial notes would be adversely affected. See "The Exchange Offer."

NO PRIOR MARKET--THERE IS NO PRIOR MARKET FOR THE EXCHANGE NOTES. IF ONE DEVELOPS, IT MAY NOT BE LIQUID.

The exchange notes are new securities for which there currently is no market. We do not intend to apply for listing of the exchange notes on any securities exchange or for quotation through any automated quotation system. It is not certain that any market for the exchange notes will develop or that any such market would be liquid.

UNSECURED NOTES--BECAUSE THE NOTES ARE NOT SECURED, OUR ASSETS MAY BE INSUFFICIENT TO PAY AMOUNTS DUE ON YOUR NOTES.

The exchange notes will be, and the initial notes are, unsecured senior subordinated obligations of our company, while indebtedness outstanding under our senior bank facilities is secured by substantially all of our assets and those of our subsidiary guarantors. In addition, we and some of our subsidiaries may incur other senior indebtedness, which may be substantial in amount, including secured indebtedness. See "--Additional Borrowing Capacity."

Because the exchange notes will be, and the initial notes are, unsecured obligations, your right of repayment may be compromised in the following situations:

- we or some of our subsidiaries enter into bankruptcy, liquidation, reorganization, or other winding-up;

- there is a default in payment under our senior bank facilities or other secured indebtedness; or

- there is an acceleration of any indebtedness under our senior bank facilities or other secured indebtedness.

If any of these events occurs, our assets and those of our subsidiary guarantors may not be sufficient to pay amounts due on any of the notes and the note guarantees.

FRAUDULENT CONVEYANCE--UNDER FRAUDULENT TRANSFER STATUTES, A COURT MAY VOID OUR OBLIGATIONS AND A NOTE GUARANTOR'S OBLIGATIONS TO YOU OR MAY SUBORDINATE THOSE OBLIGATIONS TO OTHER INDEBTEDNESS.

Under federal or state fraudulent transfer laws, a court could take certain actions detrimental to you if it found that, at the time the initial notes or the guarantees of our subsidiaries were issued:

- we or a note guarantor issued the initial notes or a note guarantee with the intent of hindering, delaying or defrauding current or future creditors; or

- we or a note guarantor received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by the initial notes or the note guarantees and:

  - we or a note guarantor were insolvent or rendered insolvent by issuing the initial notes or the note guarantees; or

  - we or a note guarantor were engaged or about to engage in a business or

transaction for which our assets were unreasonably small; or

- we or a note guarantor intended to incur indebtedness beyond our ability to pay, or believed or should have believed that we would incur indebtedness beyond our ability to pay.

If a court made this finding, it could:

- void all or part of our obligations or a note guarantor's obligations to the holders of notes; or

- subordinate our obligations or a note guarantor's obligations to the holders of notes to other indebtedness of ours or of the note guarantor.

In that event, there would be no assurance that we could pay amounts due on the notes.

Under fraudulent transfer statutes, it is not certain whether a court would determine that we or a note guarantor were insolvent on the date that the initial notes and note guarantees were issued. However, we or a note guarantor generally would be considered insolvent at the time we or the note guarantor incurred the debt constituting the initial notes or the note guarantees if:

- the fair saleable value of the relevant assets was less than the amount required to pay our total existing debts and liabilities, including contingent liabilities, or those of a note guarantor, as they become absolute and mature; or

- we or a note guarantor incurred debts beyond our or its ability to pay as such debts mature.

To the extent a court voids a note guarantee of payment of the initial notes as a fraudulent conveyance or holds it unenforceable for any other reason, holders of exchange notes would cease to have any claim against the note guarantor. If a court allowed such a claim, the note guarantor's assets would be applied to the note guarantor's liabilities and preferred stock claims. We cannot assure you that a note guarantor's assets would be sufficient to satisfy the claims of the holders of exchange notes relating to any voided portions of any of the note guarantees.

LEGAL SUBORDINATION--YOUR RIGHT TO RECEIVE PAYMENTS ON THE NOTES WILL BE JUNIOR TO THE RIGHTS OF THE LENDERS UNDER OUR SENIOR BANK FACILITIES AND TO ALL OF OUR OTHER SENIOR INDEBTEDNESS AND ANY SENIOR INDEBTEDNESS OF THE NOTE GUARANTORS, INCLUDING ANY FUTURE SENIOR DEBT WE OR THEY INCUR.

The notes and the note guarantees will be subordinated to the prior payment in full of all of our senior indebtedness and all of the senior indebtedness of the note guarantors, respectively, including our senior bank facilities and any future senior indebtedness we or they incur.

As of September 30, 1999, the issuers had approximately $800.5 million of senior indebtedness (excluding unused commitments), all of which is secured. As of September 30, 1999, the note guarantors had no indebtedness other than intercompany indebtedness (excluding their note guarantees, guarantees under our senior bank facilities and trade payables and unused commitments). During the year ended December 31, 1998 and the six months ended July 3, 1999, the note guarantors would have generated approximately 0.2% and 0.1%, respectively, of our pro forma product revenues. As of September 30, 1999, substantially all of our tangible assets were held by our non-guarantor subsidiaries.

Because of the subordination provisions of the notes, in the event of the bankruptcy, liquidation or dissolution of the issuers or any note guarantor, the assets of the issuers or such note guarantor, as the case may be, would be available to pay obligations under the notes only after all payments had been made on the issuers' or such note guarantor's senior indebtedness, as the case may be. We cannot assure you that sufficient assets will remain after all such payments have been made to make any payments on the notes, including payments of interest when due. The term "senior indebtedness" is defined in "Description of Exchange Notes--Ranking."

STRUCTURAL SUBORDINATION--CLAIMS OF CREDITORS OF OUR NON-GUARANTOR SUBSIDIARIES WILL HAVE PRIORITY WITH RESPECT TO THE ASSETS AND EARNINGS OF SUCH SUBSIDIARIES OVER YOUR CLAIMS.

SCG Holding Corporation conducts all, and Semiconductor Components Industries, LLC conducts a substantial portion, of their operations through their respective subsidiaries. Our foreign subsidiaries will not be guarantors of the notes. Claims of creditors of these non-guarantor subsidiaries, including trade creditors, secured creditors and creditors holding indebtedness or guarantees issued by such subsidiaries, will generally have priority with respect to the assets and earnings of such subsidiaries over the claims of creditors of the issuers, including holders of the notes, even if the obligations of such subsidiaries do not constitute senior indebtedness.

The ability of the issuers' and note guarantors' subsidiaries to pay dividends and make other payments to them may be restricted by, among other things, applicable corporate and other laws and regulations and agreements of the subsidiaries. Although the indenture relating to the notes will limit the ability of such subsidiaries to enter into consensual restrictions on their ability to pay dividends and make other payments, such limitations are subject to a number of significant qualifications and exceptions. See "Description of Exchange Notes--Certain Covenants--Limitations on Restrictions on Distributions from Restricted Subsidiaries."

See "Description of Exchange Notes--Ranking," "Description of Exchange Notes--Certain Covenants--Limitation on Indebtedness," "Description of Exchange Notes--Change of Control" and "Description of Exchange Notes--Certain Covenants--Limitations on Sales of Assets and Subsidiary Stock."

INABILITY TO REPURCHASE THE NOTES PRIOR TO MATURITY--WE MAY BE UNABLE TO REPURCHASE NOTES TENDERED PURSUANT TO AN OFFER TO REPURCHASE, WHICH THE INDENTURE RELATING TO THE NOTES WILL REQUIRE US TO MAKE IF WE SELL CERTAIN OF OUR ASSETS OR A CHANGE OF CONTROL OCCURS.

If we experience certain changes of control, you will have the right to require us to repurchase your notes at a purchase price in cash equal to 101% of the principal amount of your notes plus accrued and unpaid interest. In addition, if we make certain asset sales, you will have the right to require us to repurchase some or all of your notes at a purchase price in cash equal to 100% of the principal amount of your notes plus accrued and unpaid interest. However, we are prohibited by our senior bank facilities from repurchasing any notes. Our senior bank facilities also provide that certain change of control events and asset sales with respect to us constitute a default. Any future credit agreement or other agreements relating to senior indebtedness to which we become a party may contain similar restrictions or provisions.

If we experience certain changes of control or make certain asset sales when we are prohibited from repurchasing notes, we could seek the consent of our lenders to purchase the notes or could attempt to refinance the borrowings that contain such a prohibition. In the event that we do not obtain such a consent and do not refinance such borrowings, we would remain prohibited from purchasing the notes. In such case, our failure to purchase tendered notes would constitute a default under the indenture relating to the notes, which, in turn, could result in amounts outstanding under our senior bank facilities and other senior indebtedness being declared due and payable. Any such declaration could have adverse consequences to both you as well as us.

In the event we experience certain changes of control or make certain asset sales, there can be no assurance that we would have sufficient assets to satisfy all of our obligations under our senior bank facilities and the notes.

If a default occurs with respect to any senior indebtedness, the subordination provisions in the indenture would likely restrict payments to you. The provisions relating to a change of control included in the indenture may increase the difficulty of a potential acquiror obtaining control of us. See "Description of Other Indebtedness," "Description of Exchange Notes--Change of Control" and "Description of Exchange Notes--Certain Covenants--Limitations on Sales of Assets and Subsidiary Stock."

RISKS ASSOCIATED WITH OUR BUSINESS

SUBSTANTIAL LEVERAGE--OUR SUBSTANTIAL LEVERAGE COULD ADVERSELY AFFECT OUR ABILITY TO FULFILL OUR OBLIGATIONS UNDER THE NOTES AND OPERATE OUR BUSINESS.

We are highly leveraged and have significant debt service obligations. As of September 30, 1999, we had total indebtedness of approximately $1,293.0 million (excluding unused commitments) and negative equity of approximately $287.3 million.

Our substantial indebtedness could have important consequences to you, including the risks that:

- we will be required to use a substantial portion of our cash flow from operations to pay principal and interest on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, product development efforts and strategic acquisitions;

- our interest expense could increase if interest rates in general increase because certain of our debt will bear interest rates based on market rates;

- our level of indebtedness will increase our vulnerability to general economic downturns and adverse industry conditions;

- our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business and the semiconductor components industry;

- our indebtedness may restrict us from raising additional financing on satisfactory terms to fund working capital, capital expenditures, product development efforts and strategic acquisitions;

- our level of indebtedness may prevent us from raising the funds necessary to repurchase all of the notes tendered to us upon the occurrence of certain changes of control, which would constitute an event of default under the notes;

- our substantial leverage could place us at a competitive disadvantage compared to our competitors that have less debt; and

- our failure to comply with the financial and other restrictive covenants in our indebtedness, which, among other things, require us to maintain certain financial ratios and limit our ability to incur debt and sell assets, could result in an event of default that, if not cured or waived, could have a material adverse effect on our business or prospects.

See "--Ability to Service Debt," "--Additional Borrowing Capacity," "--Restrictive Covenants in Our Debt Instruments," "Unaudited Pro Forma Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources," "Description of Other Indebtedness," "Description of Exchange Notes--Change of Control," "Description of Exchange Notes--Events of Default" and "Description of Exchange Notes--Certain Covenants."

ABILITY TO SERVICE DEBT--TO SERVICE OUR INDEBTEDNESS, WE REQUIRE A SIGNIFICANT AMOUNT OF CASH, AND OUR ABILITY TO GENERATE CASH DEPENDS ON MANY FACTORS BEYOND OUR CONTROL.

We obtain money to pay our expenses and to pay principal and interest on the notes, our senior bank facilities and other debt from our operations and the operations of our subsidiaries. Our ability to make payments on and

to refinance our indebtedness, including the notes, our senior bank facilities and our junior subordinated note, and to fund working capital, capital expenditures, product development efforts and strategic acquisitions, therefore, depends on our ability to generate cash. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

On a pro forma basis after giving effect to our recapitalization, our interest expense for the year ended December 31, 1998 and the six months ended July 3, 1999 would have been $128.4 million and $64.6 million, respectively. On a pro forma basis after giving effect to our recapitalization, our fixed charges for the year ended December 31, 1998 would have exceeded earnings, resulting in a deficiency of $206.4 million, and for the six-month period ended July 3, 1999, our ratio of earnings to fixed charges would have been 1.5x. (These pro forma financial data do not give effect to any borrowings under our delayed draw term facility.) On a historical basis, for the year ended December 31, 1998, fixed charges exceeded earnings, resulting in a deficiency of $144.7 million. For the six-month period ended July 3, 1999, our ratio of earnings to fixed charges was 12.1x. We need to improve our operating results from these pro forma and historical results in order to service all of our indebtedness and to fund other expenditures. Our historical financial results have been, and we anticipate our future financial results will be, subject to substantial fluctuations.

We cannot assure you that our business will generate sufficient cash flow from operations, that we will realize currently anticipated cost savings, revenue growth and operating improvements on schedule or at all or that future borrowings will be available to us under our senior bank facilities, in each case in amounts sufficient to enable us to service our indebtedness, including the notes, or to fund our other liquidity needs. If we cannot service our indebtedness we will have to take actions such as reducing or delaying capital expenditures, product development efforts, acquisitions, investments and/or strategic alliances, selling assets, restructuring or refinancing our indebtedness (which could include the notes), or seeking additional equity capital or bankruptcy protection. We cannot assure you that any of these remedies can be effected on commercially reasonable terms, if at all. In addition, the terms of existing or future debt agreements, including the credit agreement relating to our senior bank facilities and the indenture relating to the notes, may restrict us from adopting any of these alternatives.

See "--Substantial Leverage," "--Additional Borrowing Capacity," "--Cyclical Industry" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

ADDITIONAL BORROWING CAPACITY--DESPITE OUR SUBSTANTIAL LEVERAGE WE ARE ABLE TO INCUR MORE DEBT.

We anticipate drawing down most or all of the $74.5 million of additional indebtedness available under our delayed draw term facility before the end of February 2000. We are also able to incur additional indebtedness in the future, including $135.3 million of additional debt that remains available under our $150 million revolving facility. See "Description of Other Indebtedness." In addition, the credit agreement relating to our senior bank facilities, the indenture relating to the notes and the terms of our junior subordinated note will allow us to incur further additional indebtedness under certain circumstances. See "Description of Other Indebtedness" and "Description of Exchange Notes--Certain Covenants--Limitation on Indebtedness." If we incur additional debt above our current levels, the risks associated with such levels of debt could intensify. See "--Substantial Leverage" and "--Ability to Service Debt."

CYCLICAL INDUSTRY--DOWNTURNS IN THE BUSINESS CYCLE COULD ADVERSELY AFFECT US.

The semiconductor industry is highly cyclical and is generally characterized by average selling price fluctuations. Since the fourth quarter of 1997, we have experienced significant

declines in the pricing of our products as customers reduced demand and manufacturers reduced prices to avoid a significant decline in capacity utilization. We believe these pricing declines were due primarily to the Asian economic crisis and excess semiconductor manufacturing capacity. Although the semiconductor market has recently improved, we cannot assure you that these improvements are sustainable or will continue or that the semiconductor market will not experience subsequent, and possibly more severe and/or prolonged, downturns in the future. We cannot assure you that any future downturn in the semiconductor market will not have a material adverse effect on our business or prospects.

NEW PRODUCT DEVELOPMENT AND TECHNOLOGICAL CHANGE--OUR INABILITY TO INTRODUCE NEW PRODUCTS COULD ADVERSELY AFFECT US, AND NEW TECHNOLOGIES COULD REDUCE THE DEMAND FOR OUR PRODUCTS.

Rapidly changing technologies and industry standards, along with frequent new product introductions, characterize the industries that are currently the primary end-users of semiconductors. As these industries evolve and introduce new products, our success will depend on our ability to adapt to such changes in a timely and cost-effective manner by designing, developing, manufacturing, marketing and providing customer support for our own new products and technologies.

We cannot assure you that we will be able to identify changes in the product markets of our customers and end-users and adapt to such changes in a timely and cost-effective manner. Nor can we assure you that products or technologies that may be developed in the future by our competitors and others will not render our products or technologies obsolete or noncompetitive.

In addition, because our components are often "building block" semiconductors that in some cases can be integrated into more complex integrated circuits, we face competition from manufacturers of standard semiconductors, application-specific integrated circuits and fully customized integrated circuits, as well as customers who develop their own integrated circuit products. A fundamental shift in technologies in our product markets or the product markets of our customers or end-users could have a material adverse effect on our business or prospects.

COMPETITION--OUR INDUSTRY IS VERY COMPETITIVE AND INCREASED COMPETITION COULD ADVERSELY AFFECT US.

The semiconductor industry, particularly the market for general purpose semiconductor products like ours, is highly competitive. Although only a few companies compete with us in all of our product lines, we face significant competition within each of our product lines from major international semiconductor companies as well as smaller companies focused on specific market niches. Many of these competitors have substantially greater financial and other resources than we have with which to pursue development, engineering, manufacturing, marketing and distribution of their products and are better able than we are to withstand adverse economic or market conditions. In addition, companies not currently in direct competition with us may introduce competing products in the future. Significant competitors in the discrete market include International Rectifier, Philips, Rohm, Siliconix, ST Microelectronics and Toshiba. Significant competitors in the standard analog markets include Analog Devices, Fairchild, Linear Technology, Maxim Integrated Products, National Semiconductor, ST Microelectronics and Texas Instruments. Significant competitors in the standard logic product market include Fairchild, Hitachi, Philips, Texas Instruments, and Toshiba. The semiconductor components industry has also been undergoing significant restructuring and consolidations that could adversely affect our competitiveness.

Because our components are often "building block" semiconductors that in some cases can be integrated into more complex integrated circuits, we also face competition from

manufacturers of integrated circuits, application-specific integrated circuits and fully customized integrated circuits, as well as customers who develop their own integrated circuit products.

We compete in different product lines to various degrees on the basis of price, quality, technical performance, product features, product system compatibility, customized design, availability, delivery timing and reliability and sales and technical support. Gross margins in the industry vary by geographic region depending on local demand for the products in which semiconductors are used, such as personal computers, industrial and telecommunications equipment, consumer electronics and automotive goods. In regions where there is a strong demand for such products, price pressures may also emerge as competitors attempt to gain a greater market share by lowering prices. Our ability to compete successfully depends on elements both within and outside of our control, including industry general economic trends.

MANUFACTURING RISKS--WE MAY NOT BE ABLE TO MAINTAIN MANUFACTURING EFFICIENCY OR AVOID MANUFACTURING DIFFICULTIES.

Manufacturing semiconductor components involves highly complex processes that require advanced and costly equipment. We and our competitors continuously modify these processes in an effort to improve yields and product performance. Impurities or other difficulties in the manufacturing process can lower yields. Our manufacturing efficiency will be an important factor in our future profitability, and we cannot assure you that we will be able to maintain our manufacturing efficiency or increase manufacturing efficiency to the same extent as our competitors.

From time to time we have experienced difficulty in beginning production at new facilities or in effecting transitions to new manufacturing processes that have caused us to suffer delays in product deliveries or reduced yields. We cannot assure you that we will not experience manufacturing problems in achieving acceptable yields or experience product delivery delays in the future as a result of, among other things, capacity constraints, construction delays, upgrading or expanding existing facilities or changing our process technologies, any of which could result in a loss of future revenues. Our results of operations could also be adversely affected by the increase in fixed costs and operating expenses related to increases in production capacity if revenues do not increase proportionately.

RESTRICTIVE COVENANTS IN OUR DEBT INSTRUMENTS--RESTRICTIONS IMPOSED BY OUR SENIOR BANK FACILITIES AND THE INDENTURE RELATING TO THE NOTES MAY LIMIT OUR ABILITY TO TAKE CERTAIN ACTIONS.

The credit agreement relating to our senior bank facilities and the indenture relating to the notes contain various provisions that limit our management's discretion in the operation of our business by restricting our ability to:

- incur additional indebtedness;

- pay dividends and make other distributions;

- prepay subordinated debt;

- make restricted payments;

- enter into sale and leaseback transactions;

- create liens;

- sell and otherwise dispose of assets; and

- enter into certain transactions with affiliates.

We cannot assure you that these restrictions will not adversely affect our ability to finance our future operations or capital needs or engage in other business activities that may be in our interest. In addition, our senior bank facilities require us to maintain compliance with certain financial ratios. Our ability to comply with these ratios may be affected by events beyond our control.

A breach of any of these restrictive covenants or our inability to comply with the

required financial ratios could result in a default under our senior bank facilities. In the event of any such default, the lenders under our senior bank facilities may elect to declare all borrowings outstanding, together with accrued interest and other fees, to be immediately due and payable, to require us to apply all of our available cash to repay such borrowings or to prevent us from making debt service payments on the notes and on our junior subordinated note, any of which would result in an event of default under the notes and our junior subordinated note. The lenders will also have the right in such circumstances to terminate any commitments they have to provide further financing, including under our revolving facility.

If we are unable to repay any such borrowings when due, the lenders under our senior bank facilities will also have the right to proceed against their collateral, which consists of substantially all of the assets of SCG Holding Corporation and each of its direct and indirect wholly-owned domestic subsidiaries, including Semiconductor Components Industries, LLC, and up to 65% of the capital stock of each direct and indirect wholly-owned foreign subsidiary of SCG Holding Corporation. If the indebtedness under our senior bank facilities and the notes were to be accelerated, we cannot assure you that our assets would be sufficient to repay such indebtedness in full.

See "Description of Exchange Notes--Certain Covenants" and "Description of Other Indebtedness."

LACK OF INDEPENDENT IDENTITY--WE ARE IN THE PROCESS OF ESTABLISHING A TRADE NAME IDENTITY INDEPENDENT OF MOTOROLA.

Our future success and competitive position depend, in part, on our ability to establish goodwill in our products and services and to associate that goodwill with our trade name, ON Semiconductor-TM-. In order for us to establish goodwill, customers must acknowledge the quality of our products and services and associate our trade name with that quality and those products and services. Prior to our recapitalization, all of the products and services we offered were sold, distributed and advertised under the Motorola trade name. Consequently, the goodwill of the Motorola trade name may have been associated, in part, with success of those products and services.

We have begun marketing our products under the ON Semiconductor-TM- name. However, for two years after our recapitalization, an agreement we have with Motorola gives us the limited ability to use the Motorola trade name in connection with the sale, distribution and advertisement of certain products we offer. We are presently using our best efforts to cease using licensed Motorola trademarks as soon as commercially reasonable. If the removal of the Motorola trade name from any of these products would require the product to be requalified by any of our customers, we may continue to use the Motorola trade name for up to two years after our recapitalization, to allow us to continue selling the product pending its requalification. In addition, for two years after our recapitalization, we also have the ability to utilize the transition statement, "formerly a division of Motorola," in connection with the sale, distribution and advertisement of certain products we offer. The impact of our no longer using the Motorola trade name cannot be fully predicted and it could have a material adverse effect on our business or our prospects. Although we intend to establish our trade name and brands independent of Motorola, we cannot assure you that, prior to the expiration of these transitional arrangements, we will have established the same level of goodwill in our trade name as Motorola has established in its trade name.

See "Business--Patents, Trademarks, Copyrights and Other Intellectual Property Rights."

LACK OF INDEPENDENT OPERATING HISTORY--THE COSTS OF OPERATING OUR BUSINESS AS A STAND-ALONE COMPANY MAY INCREASE AFTER OUR RECAPITALIZATION, AND ASSUMPTIONS WE HAVE USED TO ESTIMATE FUTURE OPERATING RESULTS MAY BE INCORRECT.

Prior to our recapitalization, Motorola allocated to us, as one of several divisions within

its Semiconductor Products Sector, a percentage of the expenses related to services Motorola provided to us and other divisions of SPS. During 1998, we incurred approximately $294 million in costs for general, administrative, selling and marketing expenses, of which Motorola allocated to us approximately $119 million for services shared with other divisions of SPS. As part of our recapitalization, we identified the specific services that we believed were necessary to our business and that we would not be able initially to provide ourselves.

As part of our recapitalization, Motorola agreed to provide or arrange for the provision of these services, including information technology, human resources, supply management and finance services, for certain periods of time to facilitate our transition to a stand-alone company. We estimate that we will incur not more than $75 million under these arrangements for general, administrative, selling and marketing related expenses during the first year after our recapitalization and that our aggregate general, administrative, selling and marketing expenses will be less than those directly charged and allocated in 1998. In addition, Motorola agreed to continue to provide worldwide shipping and freight services to us for a period of up to three years after our recapitalization using the cost allocation method Motorola previously used with us. Under this arrangement, we anticipate paying Motorola approximately $30 million in the first year following our recapitalization.

We believe that the scope of the agreements we entered into with Motorola as part of our recapitalization and the time frames, pricing and other terms should provide us sufficient time to effect our transition to a stand-alone company with minimal disruption to our business, and that we will ultimately be able to provide these services ourselves or identify third-party suppliers to provide such services on terms not materially less favorable to us than the terms of our arrangements with Motorola. We cannot, however, assure you that we have correctly anticipated the required levels of services to be provided by Motorola or that we

will be able to obtain similar services on comparable terms upon termination of our agreements with Motorola. Any material adverse change in Motorola's ability to supply these services could have a material adverse effect on our business or prospects.

As part of Motorola, we had a number of formal and informal arrangements with other divisions of SPS that provided us with equipment, finished products and other goods and services. Except as provided for in the agreements between Motorola and us, which are described under "Business--Sales, Marketing and Distribution" and "Business--Manufacturing," future business dealings between Motorola and us will be on an arm's length basis. There can be no assurance that the arm's length nature of any future business relationship with Motorola will be as beneficial for us as our past relationship to Motorola.

See "--Dependence on Motorola and Other Key Customers for Our Products and Services," "--Dependence on Motorola and Other Contractors for Manufacturing Services," "--Dependence on Supply of Raw Materials."

DEPENDENCE ON MOTOROLA AND OTHER KEY CUSTOMERS FOR OUR PRODUCTS AND SERVICES--THE LOSS OF OUR LARGE CUSTOMERS COULD ADVERSELY AFFECT US.

Motorola has historically constituted our largest customer, accounting for approximately 7% of our pro forma product revenues in 1998. As a result of our recapitalization, we are no longer part of Motorola, and our current and future product sales to Motorola and its affiliates will be on an arm's length basis. We cannot assure you that we will be able to maintain the level of historical product sales to Motorola or that we will be able to sell any products to Motorola or its affiliates.

Product sales to three other customers accounted in the aggregate for approximately 20% of our pro forma product revenues in 1998. Many of our customers operate in cyclical industries, and in the past we have experienced significant fluctuations from period to period in the volume of our products ordered. We have no agreements with any of our customers that impose minimum or continuing obligations to purchase our products. We cannot assure you that any of our customers will not significantly reduce orders or seek price reductions in the future or that the loss of one or more of such customers would not have a material adverse effect on our business or our prospects. See "Business--Customers and Applications."

Prior to our recapitalization, we and other divisions of SPS provided certain manufacturing services to each other at cost (as calculated for financial accounting purposes). In 1996, 1997 and 1998, we recorded $159.5 million, $177.4 million and $162.3 million, respectively, for the cost of foundry services provided to other divisions. We and Motorola have agreed to continue providing manufacturing services to each other for limited periods of time following our recapitalization at fixed prices that are intended to approximate each party's cost of providing the services. Subject to its right to cancel upon six months' written notice, Motorola has minimum commitments to purchase manufacturing services from us of approximately $24.9 million, $66 million and $26 million in the last three months of 1999, and in fiscal years 2000 and 2001, respectively, and has no purchase obligations thereafter. We anticipate that Motorola will actually purchase manufacturing services from us of approximately $100 million in 2000. We could be adversely affected if Motorola does not purchase manufacturing services from us at the levels we have anticipated, cancels these arrangements or discontinues using our manufacturing services after these agreements expire or if we are unable to find other uses for, or dispose of, the manufacturing facilities we currently use to provide these services in a manner that allows us to cover our fixed costs. See "Business--Manufacturing."

DEPENDENCE ON MOTOROLA AND OTHER CONTRACTORS FOR MANUFACTURING SERVICES--THE LOSS OF OUR SOURCES FOR CERTAIN MANUFACTURING SERVICES, OR INCREASES IN THE PRICES OF SUCH SERVICES, COULD ADVERSELY AFFECT US.

Prior to our recapitalization, we and other divisions of SPS provided certain manufacturing services to each other at cost (as calculated for financial accounting purposes). In 1996, 1997 and 1998, the costs charged by other divisions of SPS to us for these services amounted to $322.7 million, $310.5 million and $266.8 million, respectively. Motorola manufactures our emitter-coupled logic products, which are high margin products that accounted for 10% of our pro forma product revenues in 1998. We currently have no other manufacturing source for these ECL products. We expect ECL products to remain one of our single most important product families over the next several years.

We and Motorola have agreed to continue providing manufacturing services to each other (including Motorola's manufacturing of our ECL products) for limited periods of time following our recapitalization at fixed prices that are intended to approximate each party's cost of providing these services. Subject to our right to cancel upon six months' written notice, we have minimum commitments to purchase manufacturing services from Motorola of approximately $29.5 million, $88 million, $51 million, $41 million and $40 million in the last three months of 1999, and in fiscal years 2000, 2001, 2002 and 2003, respectively, and have no purchase obligations thereafter. Based on our current budget, we anticipate that we will actually purchase manufacturing services from Motorola of approximately $150 million in 2000. We could be adversely affected if Motorola is unable to provide these services on a timely basis or if we are unable to relocate these manufacturing operations to our own facilities or to other third-party manufacturers on cost-effective terms or make other satisfactory arrangements prior to the time when these agreements expire. See "Business--Manufacturing."

We also use other third-party contractors for certain manufacturing activities, primarily for the assembly and testing of final goods. In 1998, these contract manufacturers, including Astra, AAPI and ASE, accounted for approximately 20% of our costs of goods sold. Our agreements with these manufacturers typically require us to forecast product needs and commit to purchase services consistent with these forecasts, and in some cases require longer-term commitments in the early stages of the relationship. Our operations could be adversely affected if these contract relationships were disrupted or terminated, the cost of such services increased significantly, the quality of the services provided deteriorated or our forecasts proved to be materially incorrect. See "Business--Manufacturing."

DEPENDENCE ON SUPPLY OF RAW MATERIALS--THE LOSS OF OUR SOURCES OF RAW MATERIAL, OR INCREASES IN THE PRICES OF SUCH GOODS, COULD ADVERSELY AFFECT US.

Our results of operations could be adversely affected if we were unable to obtain adequate supplies of raw materials in a timely manner or if the costs of our raw materials increased significantly or their quality deteriorated. Our manufacturing processes use many raw materials, including silicon wafers, copper lead frames, mold compound, ceramic packages and various chemicals and gases. We have no agreements with any of our suppliers that impose minimum or continuing supply obligations, and we obtain our raw materials and supplies from a large number of sources on a just-in-time basis. From time to time, suppliers may extend lead times, limit supplies or increase prices due to capacity constraints or other factors. Although we believe that our current supplies of raw materials are adequate, shortages could occur in various essential materials due to interruption of supply or increased demand in the industry. Prior to our recapitalization, most of our supplies were purchased jointly with Motorola. As part of our recapitalization we entered into an agreement with Motorola to provide for the transition of our supply management functions to a stand-alone basis. We are currently implementing this transition, which we expect to be complete by August 3, 2000. We cannot assure you that we will be able to continue to procure adequate supplies of raw materials in a timely manner on terms comparable to those on which we procured raw materials as part of Motorola.

INABILITY TO IMPLEMENT OUR BUSINESS STRATEGY--WE MAY BE ADVERSELY AFFECTED IF WE ARE UNABLE TO IMPLEMENT OUR BUSINESS STRATEGY.

Our future financial performance and success are largely dependent on our ability to implement successfully our business strategy. We cannot assure you that we will successfully implement the business strategy described in this prospectus or that implementing our strategy will sustain or improve our results of operations. In particular, we cannot assure you that we will be able to increase our sales and market share, lower our production costs, increase our manufacturing efficiency, enhance our current portfolio of products or capitalize on our status as an independent company.

Our business strategy is based on our assumptions about the future demand for our current products and the new products and applications we are developing and on our continuing ability to produce our products profitably. Each of these factors depends, among other things, on our ability to finance our operating and product development activities, maintain high quality and efficient manufacturing operations, relocate and close certain manufacturing facilities as part of our ongoing cost restructuring with minimal disruption to our operations, access quality raw materials and contract manufacturing services in a cost-effective and timely manner, protect our intellectual property portfolio and attract and retain highly-skilled technical, managerial, marketing and finance personnel. Our strategy also depends on our ability to implement our transition to a stand-alone company, which depends to a certain extent on Motorola's ability to provide certain transition services to us for limited periods of time and on our ability to provide or procure such services thereafter. Several of these and other factors that could affect our ability to implement our business

strategy, such as risks associated with international operations, increased competition, legal developments and general economic conditions, are beyond our control. In addition, circumstances beyond our control and changes in our business or industry may require us to change our business strategy.

Any failure to implement our business strategy or to revise our business strategy in a timely and effective manner may adversely affect our ability to service our indebtedness, including our ability to make principal and interest payments on the Notes. See "Business--Business Strategy."

RISKS ASSOCIATED WITH INTERNATIONAL OPERATIONS--OUR INTERNATIONAL OPERATIONS SUBJECT US TO RISKS INHERENT IN DOING BUSINESS ON AN INTERNATIONAL LEVEL.

In 1998, we generated approximately 46%, 30% and 24% of our pro forma product revenues from customers in the Americas, the Asia/ Pacific region and Europe (including the Middle East), respectively. We maintain significant operations in Guadalajara, Mexico; Seremban, Malaysia; Carmona, the Philippines; Aizu, Japan; Leshan, China; Roznov, the Czech Republic; and Piestany, Slovakia. In addition, we rely on a number of contract manufacturers (primarily for assembly and testing) whose operations are primarily located in the Asian/ Pacific region.

We cannot assure you that we will be successful in overcoming the risks that relate to or arise from operating in international markets. Risks inherent in doing business on an international level include, among others, the following:

- economic and political instability;

- changes in regulatory requirements, tariffs, customs, duties and other trade barriers;

- transportation delays;

- power supply shortages and shutdowns;

- difficulties in staffing and managing foreign operations and other labor problems;

- fluctuations in currency exchange rates;

- currency convertibility and repatriation;

- taxation of our earnings and the earnings of our personnel; and

- other risks relating to the administration of or changes in, or new interpretations of, the laws, regulations and policies of the jurisdictions in which we conduct our business.

Our activities outside the United States are subject to additional risks associated with fluctuating currency values and exchange rates, hard currency shortages and controls on currency exchange. Motorola historically engaged in hedging activities to reduce the risk of adverse currency rate fluctuations affecting its overall business, but as a stand-alone company we now bear the risks and costs associated with any such hedging activities. Additionally, while our sales are primarily denominated in U.S. dollars, worldwide semiconductor pricing is influenced by currency rate fluctuations, and the recent devaluations of the currencies of several countries in southeast Asia could have a negative impact on the demand for, and thus the price of, our products. See also "--Cyclical Industry."

JOINT VENTURES--WE DO SUBSTANTIAL BUSINESS THROUGH OUR JOINT VENTURES, AND WE DO NOT EXERCISE COMPLETE CONTROL OVER THESE ENTITIES.

We conduct a substantial portion of our manufacturing activity through our joint ventures in the Czech Republic, China and Malaysia. Our ability to control these entities is subject to contractual, regulatory or other restrictions. Prior to our recapitalization, Motorola financed certain of these joint ventures with equity contributions from joint venture partners and third-party non-recourse borrowings. As part of our recapitalization, we refinanced these third-party non-recourse borrowings with intercompany loans from us. Historically, Motorola did not treat these joint ventures as consolidated subsidiaries. We now treat all but one of these joint ventures as our consolidated subsidiaries because their indebtedness has been refinanced with intercompany loans from

us. We also have obligations to purchase specified percentages of the total output of these joint ventures. Although we generally exercise control over financing activities of the joint ventures, we will be obligated in certain circumstances to provide additional funding in the form of equity investments, loans or the guarantee of the joint ventures' indebtedness and our ability to receive cash from the joint ventures may be limited by the terms of the applicable joint venture agreements. In addition, we are in the process of amending the terms of our Chinese joint venture to provide for the transfer of Motorola's interest in this entity to us. Motorola has agreed to hold its economic interest in this entity for our benefit pending such amendment. Finally, our joint ventures are subject to risks inherent in doing business on an international level. See "--Risks Associated with International Operations," "Business--Manufacturing" and "Business--Joint Ventures."

DEPENDENCE ON HIGHLY-SKILLED PERSONNEL--OUR SUCCESS WILL CONTINUE TO DEPEND ON OUR EXECUTIVES AND OTHER KEY PERSONNEL.

Our success depends upon our ability to attract and retain highly-skilled technical, managerial, marketing and finance personnel. The market for personnel with such qualifications is highly competitive. We cannot assure you that we will be able to continue to attract and retain individuals with these qualifications to operate our company.

OUR OWNERSHIP--TPG CONTROLS US.

As a result of our recapitalization TPG controls us and has the power to elect all of the directors of SCG Holding Corporation and its subsidiaries, approve all amendments to their charter documents and effect fundamental corporate transactions such as mergers and asset sales. The interests of TPG as a shareholder may differ from the interests of holders of the notes. See "Ownership of Capital Stock."

DEPENDENCE ON INTELLECTUAL PROPERTY--WE USE A SIGNIFICANT AMOUNT OF INTELLECTUAL PROPERTY IN OUR BUSINESS. IF WE ARE UNABLE TO PROTECT THIS INTELLECTUAL PROPERTY, OUR BUSINESS MAY BE ADVERSELY AFFECTED.

We rely on patents, trade secrets, trademarks, mask works and copyrights to protect our products and technologies. Some of our products and technologies are not covered by any patents or pending patent applications, and we cannot assure you that:

- any of the more than approximately 280 U.S. and 280 foreign patents and pending patent applications that Motorola has assigned, licensed or sublicensed to us in connection with our recapitalization will not lapse or be invalidated, circumvented, challenged or licensed to others;

- the license rights granted by Motorola in connection with our recapitalization will provide competitive advantages to us; or

- any of our pending or future patent applications will be issued or, if issued, will contain claims within the scope originally sought.

Moreover, we cannot assure you that:

- any of the trademarks, copyrights, trade secrets, know-how or mask works that Motorola has assigned, licensed or sublicensed to us in connection with our recapitalization will not lapse or be invalidated, circumvented, challenged, or licensed to others; or

- any of our pending or future trademark, copyright, or mask work applications will be issued or have the coverage originally sought.

Furthermore, we cannot assure you that our competitors or others will not develop products or technologies that are similar or superior to our products or technologies, duplicate our products or technologies or design around our protected technologies. In addition, effective patent, trademark, copyright and trade secret protection may be unavailable, limited or not applied for in the United States and certain foreign countries.

Certain of our technologies are being licensed on a non-exclusive basis from Motorola, which may have already licensed or may in the future license such technologies to others, including our competitors. Under the intellectual property agreement we entered into with Motorola in connection with our recapitalization, Motorola has retained limited royalty-free, worldwide license rights (without the right to sublicense) to some of our technologies. See "Business--Patents, Trademarks, Copyrights and Other Intellectual Property."

Also, we may, from time to time, in the future be notified of claims that we may be infringing third-party patents or other intellectual property rights. Motorola has agreed to indemnify us for a limited period of time with respect to certain claims that our activities infringe on the intellectual property rights of others. If necessary or desirable, we may seek licenses under such patents or intellectual property rights. However, we cannot assure you that we will obtain such licenses or that the terms of any offered licenses will be acceptable to us. The failure to obtain a license from a third party for technologies we use could cause us to incur substantial liabilities or to suspend the manufacture or shipment of products or our use of processes requiring the technologies. Litigation could result in significant expense to the Company, by adversely affecting sales of the challenged product or technologies and diverting the efforts of our technical and management personnel, whether or not such litigation is resolved in our favor. In the event of an adverse outcome in any such litigation, we may be required to:

- pay substantial damages;

- cease the manufacture, use, sale or importation of infringing products;

- expend significant resources to develop or acquire non-infringing technologies;

- discontinue the use of certain processes; or

- obtain licenses to the infringing technologies.

We cannot assure you that we would be successful in any such development or acquisition or that any such licenses would be available to us on reasonable terms. Any such development, acquisition or license could require the expenditure of substantial time and other resources.

Certain of our products are currently the subject of a patent infringement lawsuit pending in United States District Court in Wilmington, Delaware that was commenced by Power Integrations against Motorola prior to our August 1999 recapitalization. For a discussion of this lawsuit as it relates to the Company, see "Business--Legal Proceedings."

We will also seek to protect our proprietary technologies, including technologies that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with our collaborators, advisors, employees and consultants. We cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach or that persons or institutions will not assert rights to intellectual property arising out of our research.

ENVIRONMENTAL LIABILITIES; OTHER GOVERNMENTAL REGULATION--REGULATORY MATTERS COULD ADVERSELY AFFECT OUR ABILITY TO CONDUCT OUR BUSINESS.

Our manufacturing operations are subject to various environmental laws and regulations relating to the management, disposal and remediation of hazardous substances and the emission and discharge of pollutants into the air and water. Our operations are also subject to laws and regulations relating to workplace safety and worker health which, among other things, regulate employee exposure to hazardous substances. Motorola has agreed to indemnify us for certain environmental and health and safety liabilities related to the conduct or operations of our business or Motorola's ownership, occupancy or use of certain real property occurring prior to our recapitalization. We cannot assure you that such indemnification arrangements will cover all material environmental costs relating to pre-closing matters. Moreover, the nature of our operations exposes us to the continuing risk of environmental and health and safety liabilities related

to events or activities occurring after our recapitalization.

We believe that the future cost of compliance with existing environmental and health and safety laws and regulations (and liability for currently known environmental conditions) will not have a material adverse effect on our business or prospects. However, we cannot predict:

- changes in environmental or health and safety laws or regulations;

- the manner in which environmental or health and safety laws or regulations will be enforced, administered or interpreted; or

- the cost of compliance with future environmental or health and safety laws or regulations or the costs associated with any future environmental claims, including the cost of clean-up of currently unknown environmental conditions.

See "Business--Environmental Matters."

YEAR 2000 READINESS--WE COULD BE ADVERSELY AFFECTED IF YEAR 2000 PROBLEMS ARE SIGNIFICANT.

We depend on business systems and other computer systems in operating our business. We also depend on the proper functioning of the business systems of third parties, such as our vendors and customers and, in particular, Motorola. The failure of any of these systems to interpret properly the upcoming calendar year 2000 could have a material adverse effect on our business or prospects.

Our ability to achieve Year 2000 readiness depends substantially on Motorola's ability to achieve Year 2000 readiness and to provide us with cloned information technology systems and other systems that are Year 2000 ready. Motorola deems any system or equipment to be Year 2000 ready if it will perform its intended function on or after January 1, 2000 as it performed prior to January 1, 2000. Motorola has advised us that it has substantially completed its Year 2000 remediation efforts. Although we believe that the Motorola systems from which our systems have been "cloned" are Year 2000 ready, we cannot assure you that we or Motorola will be Year 2000 ready. Motorola has also reviewed the Year 2000 readiness and compliance of its principal suppliers of products and services, in order to identify and assess any negative impacts that non-compliance could have on us, and is working with its customers to identify potential Year 2000 issues with its products.

We have also implemented our own Year 2000 compliance program to continue these activities. To date, we have incurred costs in the amount of $900,000 to identify, test and correct problems associated with our year 2000 readiness. To date, no issues have been identified that are material to our business, other than the supply of utilities such as electricity, water and natural gas in countries other than the United States. As of September 30, 1999, we completed our multi-phase assessment and remediation program. In the fourth quarter of 1999, we will continue our evaluations of external infrastructure providers, such as utilities, and refine our contingency plans.

Although we believe, based on efforts to date, that our products and facilities will be substantially Year 2000 ready, any inability to remedy unforeseen Year 2000 problems or the failure of third parties to do so may cause business interruptions or shutdown, financial loss, regulatory actions, reputational harm or legal liability. We cannot assure you that our Year 2000 program or the programs of third parties who do business with us will be effective, that our estimate about the timing and cost of completing our program will be accurate or that all remediation will be complete by the Year 2000.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Year 2000 Compliance."

The foregoing summary of certain provisions of the Exchange Offer and Registration Rights Agreement (the "Exchange Offer and Registration Rights Agreement") dated as of August 4, 1999 among SCG Holding Corporation ("SCG Holding"), Semiconductor Components Industries, LLC and ("SCI LLC," and together with SCG Holding, the "Issuers"), SCG (Malaysia SMP) Holding Corporation (the "Malaysia Sub"), SCG (Czech) Holding Corporation (the "Czech Sub"), SCG (China) Holding Corporation (the "China Sub"), Semiconductor Components Industries Puerto Rico, Inc. (the "Puerto Rico Sub") and SCG International Development LLC ("SCGID LLC" and, together with the Malaysia Sub, the Czech Sub, the China Sub and the Puerto Rico Sub, the "Note Guarantors"), Chase Securities Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers Inc. (the "Initial Purchasers") does not purport to be complete and reference is made to the provisions of the Exchange Offer and Registration Rights Agreement, which has been filed as an exhibit to the registration statement of which this prospectus is a part. A copy of the Exchange Offer and Registration Rights Agreement is available as set forth under the heading "Prospectus Summary--Where You Can Find More Information."

TERMS OF THE EXCHANGE OFFER

In connection with the issuance of the initial notes pursuant to the Purchase Agreement (the "Purchase Agreement") dated as of August 4, 1999 among the Issuers, the Note Guarantors and the Initial Purchasers, the Initial Purchasers and their respective assignees became entitled to the benefits of the Exchange Offer and Registration Rights Agreement.

The Exchange Offer and Registration Rights Agreement requires the Issuers and the Note Guarantors to file the registration statement, of which this prospectus is a part, for a registered exchange offer relating to an issue of new exchange notes identical in all material respects to the initial notes but containing no restrictive legends. Under the Exchange Offer and Registration Rights Agreement, the Issuers and the Note Guarantors are required to:

- file the registration statement with the Securities and Exchange Commission on or prior to 120 days following the date of original issuance of the initial notes (the "Issue Date");

- use their reasonable best efforts to cause the registration statement to become effective under the Securities Act no later than 180 days after the Issue Date;

- use their reasonable best efforts to cause the exchange offer to be consummated no later than 210 days after the Issue Date; and

- keep the registration statement effective for not less than 30 days (or longer, if required by applicable law) after the date on which notice of the exchange offer is mailed to holders of the initial notes, which period may be renewed in the reasonable judgment of the Issuers to enable more holders to exchange their initial notes, provided, that the exchange offer is consummated no later than 210 days after the Issue Date.

The exchange offer being made hereby, if commenced and consummated within the time periods described in this paragraph, will satisfy those requirements under the Exchange Offer and Registration Rights Agreement.

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, all initial notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date will be accepted for exchange. Exchange notes of the same class will be issued in exchange for an equal principal amount of outstanding initial notes accepted in the exchange offer. Initial notes may be tendered only in integral multiples of $1,000. This prospectus, together with the letter of transmittal, is being sent to all record holders of initial notes as of

, . The exchange offer is not conditioned upon any minimum principal amount of initial notes being tendered in exchange. However, our obligation to accept initial notes for exchange is subject to certain conditions as set forth herein under "--Conditions."

Initial notes will be deemed accepted when, as and if the Issuers have given written notice to the exchange agent. The exchange agent will act as agent for the tendering holders of initial notes for the purposes of receiving the exchange notes and delivering them to the holders.

Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to other issuers, we believe that the exchange notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by each holder without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that:

- the holder is not a broker-dealer who acquires the initial notes directly from the Issuers for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act;

- the holder is not an "affiliate" of either of the Issuers, as that term is defined in Rule 405 under the Securities Act; and

- the exchange notes are acquired in the ordinary course of the holder's business and the holder is not engaged in, and does not intend to engage in, a distribution of the exchange notes and has no arrangement or understanding with any person to participate in a distribution of the exchange notes.

By tendering the initial notes in exchange for exchange notes, each holder, other than a broker-dealer, will represent to the Issuers that:

- any exchange notes to be received by it will be acquired in the ordinary course of its business;

- it is not engaged in, and does not intend to engage in, a distribution of such exchange notes and has no arrangement or understanding to participate in a distribution of the exchange notes; and

- it is not an affiliate, as defined in Rule 405 under the Securities Act, of either of the Issuers.

If a holder of initial notes is engaged in or intends to engage in a distribution of the exchange notes or has any arrangement or understanding with respect to the distribution of the exchange notes to be acquired pursuant to the exchange offer, the holder may not rely on the applicable interpretations of the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction. Each broker-dealer that receives exchange notes for its own account in the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for initial notes where such initial notes were acquired by the broker-dealer as a result of market-making activities or other trading activities. The Issuers have agreed to make this prospectus available to any broker-dealer for a period of time not to exceed 180 days after the registration statement is declared effective (subject to extension under certain circumstances) for use in connection with any such resale. See "Plan of Distribution."

In the event that:

- because of any change in law or applicable interpretations thereof by the SEC's staff, the Issuers and the Note Guarantors are not permitted to effect the exchange offer;

- any initial notes validly tendered pursuant to the exchange offer are not exchanged for exchange notes within 210 days after the Issue Date;

- the Initial Purchasers so request with respect to initial notes not eligible to be exchanged for exchange notes in the exchange offer;

- any applicable law or interpretations do not permit a holder of initial notes to participate in the exchange offer;

- any holder of initial notes that participates in the exchange offer does not receive freely transferable exchange notes in exchange for tendered initial notes; or

- the Issuers so elect;

then, in any such case, the Issuers and the Note Guarantors shall as promptly as practicable, file with the SEC a shelf registration statement covering resales of the initial notes by holders who satisfy certain conditions relating to the provision of information in connection with the shelf registration statement.

In the event that:

- the registration statement or the shelf registration statement, as the case may be, is not filed with the SEC on or prior to 120 days following the Issue Date;

- the registration statement or the shelf registration statement, as the case may be, is not declared effective within 180 days after the Issue Date;

- the exchange offer is not consummated on or prior to 210 days after the Issue Date; or

- the shelf registration statement is filed and declared effective within 180 days after the Issue Date (or in the case of the shelf registration statement, within 60 days after the publication of the change in law or interpretation) but shall thereafter cease to be effective (at any time that the Issuers and the Note Guarantors are obligated to maintain the effectiveness thereof) without being succeeded within 30 days by an additional registration statement filed and declared effective (each such event referred to in clauses (1) through (4), a "Registration Default");

then the Issuers and the Note Guarantors will be obligated to pay liquidated damages to each holder of Transfer Restricted Securities (as defined in the Exchange Offer and Registration Rights Agreement), during the period of one or more such Registration Defaults, in an amount equal to $0.192 per week per $1,000 principal amount of Transfer Restricted Securities held by such holder until:

- the applicable registration statement is filed;

- the exchange offer registration statement is declared effective and the exchange offer is consummated;

- the shelf registration statement is declared effective; or

- the shelf registration statement again becomes effective, as the case may be.

Following the cure of all Registration Defaults, the accrual of liquidated damages will cease.

Upon consummation of the exchange offer, subject to certain exceptions, holders of initial notes who do not exchange their initial notes for exchange notes in the exchange offer will no longer be entitled to registration rights and will not be able to offer or sell their initial notes, unless the initial notes are subsequently registered under the Securities Act (which, subject to certain limited exceptions, the Issuers will have no obligation to do), except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. See "Risk Factors--Transfer Restrictions."

EXPIRATION DATE; EXTENSIONS; AMENDMENTS; TERMINATION

The term "expiration date" shall mean , (30 days following the commencement of the exchange offer), unless the exchange offer is extended, in which case the term "expiration date" shall mean the latest date to which the exchange offer is extended.

In order to extend the expiration date, the Issuers will notify the exchange agent of any extension by written notice and may notify the holders of the initial notes by mailing an announcement or by means of a press release or other public announcement prior to 9:00 A.M., New York City time, on the next business day after the previously scheduled expiration date.

In addition, the Issuers reserve the right to delay acceptance of any initial notes, to extend the exchange offer or to terminate the exchange offer and not permit acceptance of initial notes not previously accepted if any of the conditions set forth herein under "--Conditions" shall have occurred and shall not have been waived by the Issuers (if permitted to be waived), by giving written notice of such delay, extension or termination to the exchange agent. The Issuers also reserve the right to amend the terms of the exchange offer in any manner deemed by them to be advantageous to the holders of the initial notes. If any material change is made to terms of the exchange offer, the exchange offer shall remain open for a minimum of an additional five business days, if the exchange offer would otherwise expire during such period. Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by written notice of the delay to the exchange agent. If the exchange offer is amended in a manner determined by the Issuers to constitute a material change, the Issuers will promptly disclose the amendment in a manner reasonably calculated to inform the holders of the initial notes of the amendment, including by providing public announcement or giving oral or written notice to the holders of the initial notes. A material change in the terms of the exchange offer could include, among other things, a change in the timing of the exchange offer, a change in the exchange agent, and other similar changes in the terms of the exchange offer.

Without limiting the manner in which the Issuers may choose to make a public announcement of any delay, extension, amendment or termination of the exchange offer, the Issuers shall have no obligation to publish, advertise, or otherwise communicate any such public announcement.

INTEREST ON THE EXCHANGE NOTES

The exchange notes will accrue interest payable in cash at 12% per annum, from the later of:

- the last interest payment date on which interest was paid on the initial notes surrendered in exchange therefor; and

- if the initial notes are surrendered for exchange on a date subsequent to the record date for an interest payment date to occur on or after the date of such exchange and as to which interest will be paid, the date of such interest payment.

PROCEDURES FOR TENDERING

To tender in the exchange offer, a holder of initial notes must complete, sign and date the letter of transmittal or a facsimile of it, have the signatures guaranteed if required by the letter of transmittal, and mail or otherwise deliver the letter of transmittal or facsimile, or an agent's message together with the initial notes and any other required documents, to the exchange agent so that such letter of transmittal or facsimile arrives prior to 5:00 p.m., New York City time, on the expiration date. In addition, either:

- certificates for the initial notes must be received by the exchange agent along with the letter of transmittal;

- a timely confirmation of a book-entry transfer (a "Book-Entry Confirmation") of the initial notes, if such procedure is available, into the exchange agent's account at The Depository Trust Company (the "Book-Entry Transfer Facility" or "DTC") pursuant to the procedure for book-entry transfer described below, must be received by the exchange agent prior to the expiration date; or

- the holder must comply with the guaranteed delivery procedures described below.

THE METHOD OF DELIVERY OF INITIAL NOTES, LETTERS OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE HOLDERS. INSTEAD OF DELIVERY BY MAIL, IT IS RECOMMENDED THAT HOLDERS USE AN OVERNIGHT OR HAND-DELIVERY SERVICE. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED, BE USED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY. NO LETTERS OF TRANSMITTAL OR INITIAL NOTES SHOULD BE SENT TO THE ISSUERS.

Delivery of all documents must be made to the exchange agent at its address set forth below. Holders of initial notes may also request their respective brokers, dealers, commercial banks, trust companies or nominees to tender initial notes for them.

The term "agent's message" means a message, transmitted by the Book-Entry Transfer Facility to, and received by, the exchange agent and forming a part of a Book-Entry Confirmation, which states that the Book-Entry Transfer Facility has received an express acknowledgment from the participant in the Book-Entry Transfer Facility tendering initial notes that are the subject of the Book-Entry Confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that the Issuers may enforce this agreement against the participant.

The tender by a holder of initial notes will constitute an agreement between such holder and the Issuers in accordance with the terms and subject to the conditions set forth here and in the letter of transmittal.

Only a holder of initial notes may tender the initial notes in the exchange offer. The term "holder" for this purpose means any person in whose name initial notes are registered on the books of the Issuers or any other person who has obtained a properly completed bond power from the registered holder.

Any beneficial owner whose initial notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct the registered holder to tender on his or her behalf. If the beneficial owner wishes to tender on his or her own behalf, such beneficial owner must, prior to completing and executing the letter of transmittal and delivering his or her initial notes, either make appropriate arrangements to register ownership of the initial notes in such beneficial owner's name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor" institution within the meaning of Rule 17Ad-15 under the Exchange Act (each, an "Eligible Institution"), unless the initial notes tendered pursuant thereto are tendered:

- by a registered holder (or by a participant in DTC whose name appears on a security position listing as the owner) who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal and the exchange notes are being issued directly to such registered holder (or deposited into the participant's account at DTC); or

- for the account of an Eligible Institution.

If the letter of transmittal is signed by the recordholder(s) of the initial notes tendered thereby, the signature must correspond with the name(s) written on the face of the initial notes without alteration, enlargement or any change whatsoever. If the letter of transmittal is signed by a participant in DTC, the signature must correspond with the name as it appears on the security position listing as the holder of the initial notes.

If the letter of transmittal is signed by a person other than the registered holder of any initial notes listed therein, those initial notes must be endorsed or accompanied by bond powers and a proxy that authorize such person to tender the initial notes on behalf of the registered holder, in each case as the name of the registered holder or holders appears on the initial notes.

If the letter of transmittal or any initial notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and unless waived by the Issuers, evidence satisfactory to the Issuers of their authority to so act must be submitted with the letter of transmittal.

A tender will be deemed to have been received as of the date when the tendering holder's duly signed letter of transmittal accompanied by initial notes, or a timely confirmation received of a book-entry transfer of initial notes into the exchange agent's account at DTC with an agent's message, or a notice of guaranteed delivery from an Eligible Institution is received by the exchange agent. Issuances of exchange notes in exchange for initial notes tendered pursuant to a notice of guaranteed delivery by an Eligible Institution will be made only against delivery of the letter of transmittal and any other required documents, and the tendered initial notes or a timely confirmation received of a book-entry transfer of initial notes into the exchange agent's account at DTC with the exchange agent.

All questions as to the validity, form, eligibility, time of receipt, acceptance and withdrawal of the tendered initial notes will be determined by the Issuers in their sole discretion, which determination will be final and binding. The Issuers reserve the absolute right to reject any and all initial notes not properly tendered or any initial notes which, if accepted, would, in the opinion of the Issuers or their counsel, be unlawful. The Issuers also reserve the absolute right to waive any conditions of the exchange offer or irregularities or defects in tender as to particular initial notes. The Issuers' interpretation of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding on all parties.

Unless waived, any defects or irregularities in connection with tenders of initial notes must be cured within such time as the Issuers shall determine. Neither the Issuers, the exchange agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of initial notes, nor shall any of them incur any liability for failure to give such notification.

Tenders of initial notes will not be deemed to have been made until such irregularities have been cured or waived. Any initial notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned without cost by the exchange agent to the tendering holders of such initial notes, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

In addition, the Issuers reserve the right in their sole discretion, subject to the provisions of the indenture relating to the initial notes and the exchange notes, to:

- purchase or make offers for any initial notes that remain outstanding subsequent to the expiration date or, as set forth under "--Expiration Date; Extensions; Amendments; Termination," to terminate the exchange offer in accordance with the terms of the Exchange Offer and Registration Rights Agreement; and

- to the extent permitted by applicable law, purchase initial notes in the open market, in privately negotiated transactions or otherwise.

The terms of any such purchases or offers could differ from the terms of the exchange offer.

ACCEPTANCE OF INITIAL NOTES FOR EXCHANGE; DELIVERY OF EXCHANGE NOTES

Upon satisfaction or waiver of all of the conditions to the exchange offer, all initial notes properly tendered will be accepted, promptly after the expiration date, and the exchange notes will be issued promptly after acceptance of the initial notes. See "--Conditions" below. For purposes of the exchange offer, initial notes shall be deemed to have been accepted as validly tendered for exchange when, as and if the Issuers have given written notice thereof to the exchange agent.

In all cases, issuance of exchange notes for initial notes that are accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of certificates for such initial notes or a timely Book-Entry Confirmation of such initial notes into the exchange agent's account at the Book-Entry Transfer Facility, a properly completed and duly executed letter of transmittal and all other required documents. If any tendered initial notes are not accepted for any reason set forth in the terms and conditions of the exchange offer or if initial notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged initial notes will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer. In the case of initial notes tendered by the book-entry transfer procedures described below, the non-exchanged initial notes will be credited to an account maintained with the Book-Entry Transfer Facility.

BOOK-ENTRY TRANSFER

The exchange agent will make a request to establish an account with respect to the initial notes at the Book-Entry Transfer Facility for purposes of the exchange offer within two business days after the date of this prospectus. Any financial institution that is a participant in the Book-Entry Transfer Facility's systems may make book-entry delivery of initial notes by causing the Book-Entry Transfer Facility to transfer such initial notes into the exchange agent's account at the Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. However, although delivery of initial notes may be effected through book-entry transfer into the exchange agent's account at the Book-Entry Transfer Facility, an agent's message or the letter of transmittal or facsimile thereof with any required signature guarantees and any other required documents must, in any case, be transmitted to and received by the exchange agent at one of the addresses set forth below under "--Exchange Agent" on or prior to the expiration date or the guaranteed delivery procedures described below must be complied with. DELIVERY OF DOCUMENTS TO DTC DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT. All references in this prospectus to

deposit of initial notes shall be deemed to include the Book-Entry Transfer Facility's book-entry delivery method.

GUARANTEED DELIVERY PROCEDURE

If a registered holder of the initial notes desires to tender initial notes, and such initial notes are not immediately available, or time will not permit the holder's initial notes or other required documents to reach the exchange agent before the expiration date, or the procedures for book-entry transfer cannot be completed on a timely basis and an agent's message delivered, a tender may be effected if:

1. the tender is made through an Eligible Institution;

2. prior to the expiration date, the exchange agent receives from such Eligible Institution a properly completed and duly executed letter of transmittal or facsimile thereof and notice of guaranteed delivery, substantially in the form provided by the Issuers, by facsimile transmission, mail, courier or hand delivery, setting forth the name and address of the holder of the initial notes and the amount of initial notes tendered, stating that the tender is being made thereby and guaranteeing that within five business days after the expiration date, the certificates for all physically tendered initial notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and any other documents required by the letter of transmittal will be deposited by the Eligible Institution with the exchange agent; and

3. the certificates for all physically tendered initial notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and all other documents required by the letter of transmittal are received by the exchange agent within five business days after the expiration date.

WITHDRAWAL OF TENDERS

Except as otherwise provided herein, tenders of initial notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, a written notice of withdrawal must be received by the exchange agent prior to 5:00 p.m., New York City time on the business day prior to the expiration date at the address set forth below under "--Exchange Agent" and prior to acceptance for exchange thereof by the Issuers. Any such notice of withdrawal must:

1. specify the name of the person having tendered the initial notes to be withdrawn (the "Depositor");

2. identify the initial notes to be withdrawn, including, if applicable, the registration number or numbers and total principal amount of such initial notes;

3. be signed by the Depositor in the same manner as the original signature on the letter of transmittal by which such initial notes were tendered (including any required signature guarantees) or be accompanied by documents of transfer sufficient to permit the trustee with respect to the initial notes to register the transfer of such initial notes into the name of the Depositor withdrawing the tender;

4. specify the name in which any such initial notes are to be registered, if different from that of the Depositor; and

5. if the initial notes have been tendered pursuant to the book-entry procedures, specify the name and number of the participant's account at DTC to be credited, if different than that of the Depositor.

All questions as to the validity, form and eligibility, time of receipt of such notices will be determined by the Issuers, whose determination shall be final and binding on all parties. Any initial notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any initial notes that have been tendered for exchange and that are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of initial notes tendered by book-entry transfer, such initial notes will be credited to an account maintained with the Book-Entry Transfer Facility for the initial notes) as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn initial notes may be re-tendered by following one of the procedures described under "--Procedures for Tendering" and "--Book-Entry Transfer" above at any time on or prior to the expiration date.

CONDITIONS

Notwithstanding any other term of the exchange offer, initial notes will not be required to be accepted for exchange, nor will exchange notes be issued in exchange for any initial notes, and the Issuers may terminate or amend the exchange offer as provided herein before the acceptance of such initial notes, if:

1. because of any change in law, or applicable interpretations thereof by the SEC, the Issuers determine that it is not permitted to effect the exchange offer;

2. an action is proceeding or threatened that would materially impair the Issuers' ability to proceed with the exchange offer; or

3. not all government approvals that the Issuers deem necessary for the consummation of the exchange offer have been received.

The Issuers have no obligation to, and will not knowingly, permit acceptance of tenders of initial notes:

- from affiliates of the Issuers within the meaning of Rule 405 under the Securities Act;

- from any other holder or holders who are not eligible to participate in the exchange offer under applicable law or interpretations by the SEC; or

- if the exchange notes to be received by such holder or holders of initial notes in the exchange offer, upon receipt, will not be tradable by such holder without restriction under the Securities Act and the Exchange Act and without material restrictions under the "blue sky" or securities laws of substantially all of the states of the United States.

ACCOUNTING TREATMENT

The exchange notes will be recorded at the same carrying value as the initial notes, as reflected in the Issuers' accounting records on the date of the exchange. Accordingly, no gain or loss for accounting purposes will be recognized by the Issuers. The costs of the exchange offer and the unamortized expenses related to the issuance of the initial notes will be amortized over the term of the exchange notes.

EXCHANGE AGENT

State Street Bank and Trust Company has been appointed as exchange agent for the exchange offer. Questions and requests for assistance and requests for additional copies of this

prospectus or of the letter of transmittal should be directed to the exchange agent addressed as follows:

BY MAIL:

State Street Bank and Trust Company
Corporate Trust Department
P.O. Box 778
Boston, Massachusetts
02102-0078

Attn: Mackenzie Elijah
BY COURIER OR HAND DELIVERY:
State Street Bank and Trust Company
Corporate Trust Window, 5th Floor
2 Avenue de Lafayette
Boston, Massachusetts 02111
Attn: Mackenzie Elijah

BY HAND IN NEW YORK UNTIL 5:00PM
(AS DROP AGENT)
State Street Bank and Trust Company
Corporate Trust Window
61 Broadway
15th Floor
New York, New York 10006

BY FACSIMILE: (617) 662-1452
Confirm by Telephone: (617) 662-1525

FEES AND EXPENSES

The Issuers will pay the expenses of soliciting tenders under the exchange offer. The principal solicitation for tenders pursuant to the exchange offer is being made by mail; however, additional solicitations may be made by telegraph, telephone, telecopy or in person by officers and regular employees of the Issuers.

The Issuers will not make any payments to brokers, dealers or other persons soliciting acceptances of the exchange offer. The Issuers, however, will pay the exchange agent reasonable and customary fees for its services and will reimburse the exchange agent for its reasonable documented out-of-pocket expenses in connection therewith. The Issuers may also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of this prospectus, the letter of transmittal and related documents to the beneficial owners of the initial notes, and in handling or forwarding tenders for exchange.

The expenses to be incurred in connection with the exchange offer will be paid by the Issuers, including fees and expenses of the exchange agent and trustee and accounting, legal, printing and related fees and expenses.

The Issuers will pay all transfer taxes, if any, applicable to the exchange of initial notes pursuant to the exchange offer. If, however:

- certificates representing exchange notes or initial notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the initial notes tendered;

- tendered initial notes are registered in the name of any person other than the person signing the letter of transmittal; or

- a transfer tax is imposed for any reason other than the exchange of initial notes pursuant to the exchange offer;

then the amount of any such transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the letter of transmittal, the amount of the transfer taxes will be billed directly to the tendering holder.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the exchange notes under the exchange offer. In consideration for issuing the exchange notes as contemplated in this prospectus, we will receive initial notes in like principal amount, the terms of which are identical in all material respects to the exchange notes. The initial notes surrendered in exchange for the exchange notes will be retired and canceled and cannot be reissued. Accordingly, the issuance of the exchange notes will not result in any increase in our indebtedness. The proceeds received from the sale of the initial notes were used to help finance our recapitalization.

SELECTED HISTORICAL COMBINED FINANCIAL DATA

The following table sets forth our summary historical financial data. These data are based on our unaudited historical combined financial statements for the fiscal years ended and as of December 31, 1994 and 1995, which are not included herein, and on our audited historical combined financial statements for the fiscal years ended and as of December 31, 1996, 1997 and 1998 (the "Audited Combined Financial Statements") and our unaudited historical combined financial statements for the six month periods ended June 27, 1998 and July 3, 1999 and as of July 3, 1999 (the "Unaudited Interim Combined Financial Statements"). The Motorola fiscal year ends on December 31st of each year, and each of the first three fiscal quarters of each fiscal year ends on the Saturday closest to the calendar quarter end. As a result, the six-month period ended July 3, 1999 was longer than the six-month period ended June 27, 1998. You should read this information in conjunction with "Management's Discussion and Analysis of Financial Position and Results of Operations," the Unaudited Interim Combined Financial Statements and the Audited Combined Financial Statements included elsewhere in this prospectus.

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED	SIX MONTHS ENDED
	1994	1995	1996	1997	1998	JUNE 27, 1998	JULY 3, 1999
	(dollars in millions, except for ratios)						
STATEMENT OF INCOME INFORMATION:							
OPERATING REVENUES:							
Net sales--trade	$1,702.7	$2,011.1	$1,748.0	$1,815.2	$1,493.4	$ 787.4	$773.6
DIRECT AND ALLOCATED COSTS AND EXPENSES:							
Cost of sales	1,047.9	1,209.5	1,128.8	1,119.6	1,068.8	550.5	548.9
Research and development	65.3	78.1	71.7	65.7	67.5	36.4	29.4
Selling and marketing	84.7	99.7	94.4	110.7	92.4	48.3	33.9
General and administrative	165.6	180.3	150.8	239.8	201.6	109.7	72.5
Restructuring and other charges	--	--	--	--	189.8	189.8	--
Operating income (loss)	339.2	443.5	302.3	279.4	(126.7)	(147.3)	88.9
OTHER INCOME (EXPENSES):							
Equity in earnings from joint ventures	--	--	2.4	1.6	8.4	1.7	2.7
Interest expense	(15.0)	(17.7)	(15.0)	(11.0)	(18.0)	(6.7)	(6.5)
Other expenses, net	(15.0)	(17.7)	(12.6)	(9.4)	(9.6)	(5.0)	(3.8)
Revenues less direct and allocated expenses before taxes	$ 324.2	$ 425.8	$ 289.7	$ 270.0	$ (136.3)	$(152.3)	$ 85.1
SUPPLEMENTAL DATA:							
Adjusted EBITDA(1)	$ 450.0	$ 578.9	$ 447.1	$ 425.7	$ 212.7	$ 110.2	$159.0
Depreciation and amortization	110.8	135.4	142.4	144.7	141.2	66.0	67.4
Capital expenditures	142.0	252.5	190.7	157.8	81.2	65.2	22.0
Cash flow from operating activities, excluding Motorola financing and taxes(2)	N/A	421.5	424.0	307.5	130.3	99.6	108.8
Cash flow from investing activities(2)	N/A	(252.5)	(190.7)	(157.8)	(81.2)	(65.2)	(22.0)
Net financing provided to Motorola(2)	N/A	169.0	233.3	149.7	49.1	34.4	86.8
Ratio of earnings to fixed charges(3)	N/A	N/A	N/A	N/A	--	--	12.1x
BALANCE SHEET DATA (END OF PERIOD):							
Total assets	$ 558.5	$ 714.2	$ 768.9	$ 900.6	$ 776.6		$753.4
Total business equity	534.5	689.7	746.1	866.4	681.0		679.3

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N/A - Not available

(1) Adjusted EBITDA represents earnings before (a) taxes on income, (b) interest expense, (c) depreciation and amortization, (d) restructuring and other charges and (e) minority interest. We are including Adjusted EBITDA data because we understand that some investors consider such information as an additional basis on which to evaluate our ability to pay interest, repay debt and make capital expenditures. Because all companies do not calculate Adjusted EBITDA identically, the presentation of Adjusted EBITDA herein is not necessarily comparable to similarly entitled measures of other companies. Adjusted EBITDA is not intended to represent and should not be considered more meaningful than, or an alternative to, measures of operating performance as determined in accordance with generally accepted accounting principles.

(2) Motorola's cash management system is not designed to track centralized cash and related financing transactions to the specific cash requirements of our business. In addition, Motorola's transaction systems are not designed to track

receivables and certain liabilities and cash receipts and payments on a business specific basis. Given these constraints, supplemental cash flow information is included in our audited historical combined financial statements and our unaudited historical combined financial statements to facilitate analysis of key components of cash flow activity. Net financing provided to Motorola does not necessarily represent our cash flows, or the timing of such flows, had we operated on a stand-alone basis.

(3) We have calculated our ratio of earnings to fixed charges as earnings, which are revenues less direct and allocated expenses before taxes and before adjustments for income or loss from equity investments and fixed charges, divided by fixed charges, which are expensed and capitalized interest, amortized premiums, discounts and capitalized expenses related to indebtedness and estimated interest included in rental expense. The deficiency for fiscal year 1998 and the six months ended June 27, 1998 of $144.7 million and 154.0 million, respectively, is primarily due to the charge recorded in June 1998 to cover one-time costs of Motorola's portion of our recent cost restructuring.

UNAUDITED PRO FORMA COMBINED FINANCIAL DATA

We are presenting below our unaudited pro forma combined financial statements (the "Unaudited Pro Forma Combined Financial Statements") to show how we might have looked if we had been an independent company for the periods presented. We based these pro forma data on, and you should read them together with, the Audited Combined Financial Statements and the Unaudited Interim Combined Financial Statements that are included elsewhere in this prospectus. See "Index to Financial Statements." We prepared these pro forma financial data using the assumptions described below and in the related notes thereto.

We prepared these pro forma combined statements of revenues less direct and allocated expenses before taxes for the six months ended July 3, 1999 and June 27, 1998 and for the year ended December 31, 1998 as if our recapitalization and the related transactions took place on January 1, 1998 and the pro forma balance sheet data were prepared as if our recapitalization and the related transactions took place on July 3, 1999. The financial statements give pro forma effect to:

(1) borrowings under our senior bank facilities and the issuance and sale of the initial notes of approximately $1.1 billion and the issuance of our junior subordinated note of $91 million;

(2) the issuance of 100,000 shares of SCG Holding common stock and 2,090 shares of SCG Holding mandatorily redeemable preferred stock;

(3) adjustments to exclude the Opto isolator product group ("Opto"), which Motorola sold to a third party during the third quarter of fiscal year 1998;

(4) adjustments to consolidate selected joint venture investments accounted for in our audited combined financial statements on the equity method;

(5) adjustments to include foundry sales and manufacturing expenses in our revenues and cost of sales as historically both sales and manufacturing expenses were included in cost of sales;

(6) adjustments to reflect cash to be received as a result of a reduction in the cash consideration (as defined) covering future cash outflows related to the reserve for our ongoing cost restructuring; and

(7) certain quantifiable adjustments to reflect our results of operations on a stand-alone basis.

Prior to our recapitalization, the joint ventures described above in clause (4) were financed with equity contributions from joint venture partners and third-party non-recourse borrowings. As part of our recapitalization, these third-party non-recourse borrowings were refinanced with intercompany loans from us. The pro forma adjustments are based upon available information and certain assumptions that management believes are reasonable. The pro forma financial statements have not been adjusted for certain operating efficiencies and additional cost savings that may be realized as a result of our stand-alone operations.

Prior to our recapitalization, we were a part of Motorola rather than a stand-alone company. As a result Motorola allocated a portion of its corporate, marketing, administrative and development expenses to us, which is reflected in the Audited Combined Financial Statements and Unaudited Interim Combined Financial Statements. In the opinion of our management, these allocations are reasonable. However, these expenses may not be indicative of, and it is not feasible to estimate, the nature and level of expenses that might have been incurred had we operated as an independent company for the periods presented. Our management estimates that the aggregate general, administrative, selling and marketing expenses to be incurred during the first year after our recapitalization will be less than those that we incurred directly or that Motorola allocated to us in 1998.

We are providing the Unaudited Pro Forma Combined Financial Statements that follow for illustrative purposes only. They do not purport to represent what our results of operations and financial position would have been had our recapitalization actually occurred as of the dates indicated, and they do not purport to project our future results of operations or financial position.

SEMICONDUCTOR COMPONENTS GROUP OF MOTOROLA, INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
as of July 3, 1999
(dollars in millions)

	HISTORICAL SCG	ADJUSTMENTS FOR CONSOLIDATION OF JOINT VENTURES	ADJUSTMENTS FOR RECAPITALIZATION AND RELATED TRANSACTIONS	PRO FORMA
ASSETS				
Current assets:				
Cash	$ --	$ 12.1 (A)	$ 38.5 (B)	$ 50.6
Accounts receivable	--	3.3 (A)		3.3
Inventory	206.5	7.4 (A)	(2.4)(C)	211.5
Other	10.9	4.0 (A)		14.9
Total current assets	217.4	26.8	36.1	280.3
Property, plant and equipment	470.8	113.9 (A)	(0.6)(D)	584.1
Deferred financing costs	--		34.0 (E)	34.0
Investments	58.7	(40.8)(A)		17.9
Other assets	6.5	1.5 (A)		8.0
Total assets	$753.4	$101.4	$ 69.5	$ 924.3
LIABILITIES AND BUSINESS EQUITY				
Current liabilities:				
Accounts payable	$ 9.1	$ 9.7 (A)		$ 18.8
Accrued expenses	59.5		$ (5.0)(F)	54.5
Other current liabilities	--	4.1 (A)		4.1
Current portion of long-term debt	--	19.2 (A)	(19.2)(G)	--
Total current liabilities	68.6	33.0	(24.2)	77.4
Non-current liabilities	5.5			5.5
Existing long-term debt	--	47.6 (A)	(47.6)(G)	--
Cash-pay long-term debt	--		1,125.3 (G)	1,125.3
Junior subordinated notes	--		91.0 (H)	91.0
Total non-current liabilities	5.5	47.6	1,168.7	1,221.8
Minority interest	--	29.9 (A)		29.9
Preferred stock (mandatorily redeemable)	--		209.0 (H)	209.0
Business equity	679.3	(9.1)(A)	(670.2)(H)	--
Common stock	--		205.0 (H)	205.0
Accumulated deficit	--		(793.3)(H) (25.5)(I)	(818.8)
Total equity	679.3	(9.1)	(1,284.0)	(613.8)
Total Liabilities and Equity	$753.4	$101.4	$ 69.5	$ 924.3

See accompanying Notes to the Unaudited Pro Forma Combined Balance Sheet.

SEMICONDUCTOR COMPONENTS GROUP OF MOTOROLA, INC.
NOTES TO UNAUDITED PRO FORMA COMBINED BALANCE SHEET
as of July 3, 1999
(dollars in millions)

(A) Represents the net adjustments for the consolidation of Leshan-Phoenix Semiconductor Co., Ltd. ("Leshan"); Tesla Sezam, a.s. ("Tesla"); Terosil, a.s. ("Terosil"); and Slovakia Electronics Industries, a.s. ("Slovakia Electronics Industries" and, together with Leshan, Tesla and Terosil, the "Combined Joint Ventures") with the Semiconductor Components Group ("SCG") of Motorola, Inc. ("Motorola"). The Combined Joint Ventures were accounted for in the audited combined financial statements of SCG (the "Audited Combined Financial Statements") and the unaudited interim combined financial statements of SCG (the "Unaudited Interim Combined Financial Statements") on the equity method. Prior to the August 4, 1999 recapitalization of SCG Holding Corporation ("SCG Holding"), the stand-alone company formed in connection with the recapitalization to hold, together with its subsidiaries, [substantially all] of the assets and operations of SCG. Motorola financed the Combined Joint Ventures with equity contributions from joint venture partners and third-party non-recourse borrowings. As part of the recapitalization, SCG Holding refinanced these third-party non-recourse borrowings with intercompany loans from its operating subsidiary, Semiconductor Components Industries, LLC ("SCI LLC"). As of July 3, 1999, SCG's ownership interests in Leshan, Tesla, Terosil, and Slovakia Electronics Industries were 56%, 49.9%, 49.9% and 100%, respectively. In addition, as of such date Tesla and Terosil held cross-ownership stakes in each other which resulted in SCG's beneficial ownership of 58.4% and 62.5%, respectively. The following sets forth the combining balance sheet for the Combined Joint Ventures and elimination entries as of July 3, 1999:

	LESHAN	TESLA	TEROSIL	SLOVAKIA ELECTRONICS INDUSTRIES	COMBINED JOINT VENTURES	ELIMINATIONS	ADJUSTMENT FOR CONSOLIDATION OF JOINT VENTURES
ASSETS:							
Total current assets	$10.6	$16.5	$ 6.7	$ 2.5	$ 36.3	$ (9.5)(1)	$ 26.8
Property, plant and equipment	51.9	37.1	10.4	14.5	113.9	--	113.9
Total non-current assets	1.3	0.9	0.7	--	2.9	(42.2)(2)	(39.3)
Total assets	$63.8	$54.5	$17.8	$17.0	$153.1	$(51.7)	$101.4
LIABILITIES AND STOCKHOLDERS' EQUITY:							
Total current liabilities	$11.5	$16.3	$ 5.2	$ 2.1	$ 35.1	$ (2.1)(1)	$ 33.0
Other long-term liabilities	--	5.1	1.1	--	6.2	(6.2)(3)	--
Joint venture debt	18.0	23.0	6.6	--	47.6	--	47.6
Long-term liabilities	18.0	28.1	7.7	--	53.8	(6.2)	47.6
Minority interest	--	--	--	--		29.9 (4)	29.9
Total stockholders' equity	34.3	10.1	4.9	14.9	64.2	(73.3)(5)	(9.1)
Liabilities and stockholders' equity	$63.8	$54.5	$17.8	$17.0	$153.1	$(51.7)	$101.4

The following items describe the adjustments for consolidation of the Combined Joint Ventures with SCG as of July 3, 1999:

(1) Represents the elimination of intercompany accounts receivable and accounts payable due from and payable to SCG. As described in the notes to the Audited Combined Financial Statements, which do not include accounts receivable and payable. Therefore the elimination is an offset to business equity.

(2) Represents the elimination of the investment balance in the Combined Joint Ventures.

(3) Represents the elimination of long-term intercompany loans payable to SCG. This elimination is an offset to business equity.

(4) Represents the adjustment to record minority interest for the Combined Joint Ventures upon consolidation.

(5) Represents an adjustment for the consolidation of the Combined Joint Ventures with SCG and the elimination of the investment balance.

(B) Adjustment to reflect cash to be received as a result of a reduction in the cash portion of the consideration received by Motorola in the recapitalization to fund the anticipated future cash outflows related to the reserve for SCG's ongoing cost restructuring included in the Audited Combined Financial Statements.

(C) Adjustment to reflect the inventory at shared facilities to be transferred to other divisions of Motorola's Semiconductor Products Sector ("SPS").

(D) Net adjustment to reflect the net book value of fixed assets owned by SCG Holding and its subsidiaries (together, the "Company") as of the closing of the recapitalization. As described in the notes to the Audited Combined Financial Statements, fixed assets have been included on a specific identification basis and, for shared facilities which produce products for both SCG and SPS, fixed assets have also been allocated to SCG based on sales volume for buildings, land and other general assets and units of production for machinery and equipment. The net book value of fixed assets included in the Audited Combined Financial Statements has been adjusted as follows:

Net book value of fixed assets transferred to the Company as part of the recapitalization	$ 131.8
Net book value of fixed assets excluded from the Audited Combined Financial Statements	(132.4)
Net adjustment	$ (0.6)

(E) Represents deferred financing costs related to debt issued in conjunction with the recapitalization and the related transactions.

(F) Adjustment to exclude the outstanding restructuring accruals related to facilities excluded from the Audited Combined Financial Statements.

(G) Reflects new borrowings associated with the recapitalization and the related transactions and the refinancing of the Combined Joint Venture debt.

(H) Adjustments to record the recapitalization, which reflect borrowings of approximately $1.1 billion under the senior bank facilities (the "Senior Facilities") and the issuance and sale of the 12% Senior Subordinated Notes due 2009 (the "Notes") and the issuance of the $91 million junior subordinated note (the "Junior Subordinated Note"), the issuance of 100,000 shares of SCG Holding common stock and 2,090 shares of SCG Holding mandatorily redeemable preferred stock as part of the recapitalization as follows:

Business equity elimination	$ (670.2)
Cash-pay long-term debt	$1,125.3
Less: Transaction costs (See Note I)	(100.0)
Refinanced joint venture debt	(66.8)
Subtotal	958.5
Junior Subordinated Note	91.0
SCG Holding mandatorily redeemable preferred stock	209.0
SCG Holding common stock	205.0
Accumulated deficit	(793.3)
	$ 670.2

SEMICONDUCTOR COMPONENTS GROUP OF MOTOROLA, INC.
NOTES TO UNAUDITED PRO FORMA COMBINED BALANCE SHEET
as of July 3, 1999
(dollars in millions)

(I) Reflects the net adjustment to accumulated deficit, which is related to the following: adjustment to reflect cash from the reduction in the cash portion of the consideration received by Motorola in the recapitalization (See Note B); adjustment to inventory (See Note C); adjustment to the net book value of fixed assets (See Note D); a reduction to equity for $100.0 of transaction costs offset by $34.0 deferred financing costs (See Note E); and adjustment to outstanding restructuring accruals (See Note F).

SEMICONDUCTOR COMPONENTS GROUP OF MOTOROLA, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF REVENUES
LESS DIRECT AND ALLOCATED EXPENSES BEFORE TAXES
For the six months ended July 3, 1999
(dollars in millions)

	HISTORICAL SCG	ADJUSTMENTS TO EXCLUDE OPTO	ADJUSTMENTS FOR CONSOLIDATION OF JOINT VENTURES	ADJUSTMENTS FOR FOUNDRY SALES	ADJUSTMENTS FOR RECAPITALIZATION AND RELATED TRANSACTIONS	PRO FORMA
Revenues:						
Net sales--trade.....	$773.6	$(1.5)(A)	$ 1.1(B)	$79.6(C)		$852.8
Direct and allocated costs and expenses:						
Cost of sales.....	548.9	(1.2)(A)	(7.6)(B)	79.6(C)		619.7
Research and development..	29.4				$(11.7)(E)	17.7
Selling and marketing.....	33.9					33.9
General and administrative.....	72.5		6.9(B)		5.0(E)	84.4
Restructuring charges.....	--					--
Total operating costs and expenses.....	684.7					755.7
Operating income.....	88.9					97.1
Other income (expenses):						
Equity in earnings from joint ventures.....	2.7		(2.5)(B)			0.2
Interest expense.....	(6.5)		(1.7)(B)		(64.6)(F) 8.2(G)	(64.6)
Minority interest.....	--		(0.7)(B)			(0.7)
Other expenses, net.....	(3.8)					(65.1)
Revenues less direct and allocated expenses before taxes.....	$ 85.1					$ 32.0

See accompanying Notes to the Unaudited Pro Forma Combined Statements of Revenues Less Direct and Allocated Expenses Before Taxes.

SEMICONDUCTOR COMPONENTS GROUP OF MOTOROLA, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF REVENUES
LESS DIRECT AND ALLOCATED EXPENSES BEFORE TAXES
For the six months ended June 27, 1998
(dollars in millions)

	HISTORICAL SCG	ADJUSTMENTS TO EXCLUDE OPTO	ADJUSTMENTS FOR CONSOLIDATION OF JOINT VENTURES	ADJUSTMENTS FOR FOUNDRY SALES	ADJUSTMENTS FOR RECAPITALIZATION AND RELATED TRANSACTIONS	PRO FORMA
Revenues:						
Net sales--trade.....	$ 787.4	$(16.6)(A)	$ 1.7(B)	$87.0(C)		$ 859.5
Direct and allocated costs and expenses:						
Cost of sales.....	550.5	(16.2)(A)	(4.7)(B)	87.0(C)	$ 1.4(D)	618.0
Research and development..	36.4				(15.4)(E)	21.0
Selling and marketing.....	48.3					48.3
General and administrative.....	109.7	(0.1)	0.4(B)		2.5(E)	112.5
Restructuring charges.....	189.8					189.8
Total operating costs and expenses.....	934.7					989.6
Operating income.....	(147.3)					(130.1)
Operating income (expenses):						
Equity in earnings from joint ventures.....	1.7		(0.3)(B)			1.4
Interest expense.....	(6.7)		(1.3)(B)		(64.1)(F) 8.0(G)	(64.1)
Minority interest.....	--		(1.7)(B)			(1.7)
Other expenses, net.....	(5.0)					(64.4)
Revenues less direct and allocated expenses before taxes.....	$(152.3)					$(194.5)

See accompanying Notes to the Unaudited Pro Forma Combined Statements of Revenues Less Direct and Allocated Expenses Before Taxes.

SEMICONDUCTOR COMPONENTS GROUP OF MOTOROLA, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF REVENUES
LESS DIRECT AND ALLOCATED EXPENSES BEFORE TAXES
For the year ended December 31, 1998
(dollars in millions)

	HISTORICAL SCG	ADJUSTMENTS TO EXCLUDE OPTO	ADJUSTMENTS FOR CONSOLIDATION OF JOINT VENTURES	ADJUSTMENTS FOR FOUNDRY SALES	ADJUSTMENTS FOR RECAPITALIZATION AND RELATED TRANSACTIONS	PRO FORMA
Revenues:						
Net sales--trade (product revenues)	$1,493.4	$(22.7)(A)	$ 3.1(B)	$162.3(C)		$1,636.1
Direct and allocated costs and expenses:						
Cost of sales	1,068.8	(24.0)(A)	(12.7)(B)	162.3(C)	$ 3.6(D)	1,198.0
Research and development	67.5				(29.1)(E)	38.4
Selling and marketing	92.4					92.4
General and administrative	201.6	(0.5)(A)	(1.7)(B)		(6.2)(E)	193.2
Restructuring charges	189.8					189.8
Total operating costs and expenses	1,620.1					1,711.8
Operating income	(126.7)					(75.7)
Equity in earnings from joint ventures	8.4		(3.7)(B)			4.7
Interest expense	(18.0)		(3.3)(B)		(128.4)(F) 21.3(G)	(128.4)
Minority interest	--		(6.2)(B)			(6.2)
Other expenses, net	(9.6)					(129.9)
Revenues less direct and allocated expenses before taxes	$ (136.3)					$ (205.6)

See accompanying Notes to the Unaudited Pro Forma Combined Statements of Revenues Less Direct and Allocated Expenses Before Taxes.

SEMICONDUCTOR COMPONENTS GROUP OF MOTOROLA, INC.
NOTES TO THE UNAUDITED PRO FORMA COMBINED STATEMENTS OF
REVENUES LESS DIRECT AND ALLOCATED EXPENSES BEFORE TAXES
(dollars in millions)

(A) Represents the elimination of sales, cost of sales and general and administrative expenses related to Opto, which Motorola sold to a third-party during the third quarter of fiscal year 1998.

(B) Represents the net adjustments for the consolidation of the Combined Joint Ventures with SCG. The Combined Joint Ventures were accounted for in the Audited Combined Financial Statements and the Unaudited Interim Combined Financial Statements on the equity method. Prior to the recapitalization, Motorola financed the Combined Joint Ventures independently, from equity contributions from joint venture partners and third-party non-recourse borrowings. As part of the recapitalization, SCG Holding refinanced these third-party non-recourse borrowings with intercompany loans from SCI LLC. As of July 3, 1999, SCG's ownership interests in Leshan, Tesla, Terosil, and Slovakia Electronics Industries were 56%, 49.9%, 49.9% and 100%, respectively. In addition, as of such date Tesla and Terosil held cross-ownership stakes in each other which resulted in SCG's beneficial ownership of 58.4% and 62.5%, respectively. The following sets forth the results for the Combined Joint Ventures and elimination entries for the six months ended July 3, 1999 and June 27, 1998 and the year ended December 31, 1998, respectively.

FOR THE SIX MONTHS ENDED JULY 3, 1999:	LESHAN	TESLA	TEROSIL	SLOVAKIA ELECTRONICS INDUSTRIES	COMBINED JOINT VENTURES	ELIMINATIONS	ADJUSTMENTS FOR CONSOLIDATION OF JOINT VENTURES
Revenue	$12.6	$19.3	$ 4.6	$ 0.2	$36.7	$(35.6)(1)	$ 1.1
Cost of sales	7.7	16.0	4.1	0.2	28.0	(35.6)(2)	(7.6)
Gross margin	4.9	3.3	0.5	--	8.7	--	8.7
General and administrative expenses	0.4	4.3	1.3	0.9	6.9	--	6.9
Earnings before interest and tax	4.5	(1.0)	(0.8)	(0.9)	1.8	--	1.8
Interest expenses	0.6	0.9	0.2	--	1.7	--	1.7
Minority interest	--	--	--	--	--	0.7(3)	0.7
Profit before tax	$ 3.9	$(1.9)	$(1.0)	$(0.9)	$ 0.1	$ (0.7)	$(0.6)

FOR THE SIX MONTHS ENDED JUNE 27, 1998:	LESHAN	TESLA	TEROSIL	SLOVAKIA ELECTRONICS INDUSTRIES	COMBINED JOINT VENTURES	ELIMINATIONS	ADJUSTMENTS FOR CONSOLIDATION OF JOINT VENTURES
Revenue	$7.5	$12.5	$ 5.9	$ --	$25.9	$(24.2)(1)	$ 1.7
Cost of sales	5.1	10.1	4.3	--	19.5	(24.2)(2)	(4.7)
Gross margin	2.4	2.4	1.6	--	6.4	--	6.4
General and administrative expenses	1.2	(0.7)	(0.1)	--	0.4	--	0.4
Earnings before interest and tax	1.2	3.1	1.7	--	6.0	--	6.0
Interest expenses	0.8	0.5	--	--	1.3	--	1.3
Minority interest	--	--	--	--	--	1.7(3)	1.7
Profit before tax	$0.4	$ 2.6	$ 1.7	$ --	$ 4.7	$ (1.7)	$ 3.0

SEMICONDUCTOR COMPONENTS GROUP OF MOTOROLA, INC.
NOTES TO THE UNAUDITED PRO FORMA COMBINED STATEMENTS OF
REVENUES LESS DIRECT AND ALLOCATED EXPENSES BEFORE TAXES

(dollars in millions)

FOR THE YEAR ENDED DECEMBER 31, 1998:

	LESHAN	TESLA	TEROSIL	SLOVAKIA ELECTRONICS INDUSTRIES	COMBINED JOINT VENTURES	ELIMINATIONS	ADJUSTMENT FOR CONSOLIDATION OF JOINT VENTURES
Revenue	$18.5	$28.6	$9.6	$ --	$56.7	$(53.6)(1)	$ 3.1
Cost of sales	9.3	23.1	8.5	--	40.9	(53.6)(2)	(12.7)
Gross margin	9.2	5.5	1.1	--	15.8	--	15.8
General and administrative expenses	2.1	(3.6)	(0.3)	0.1	(1.7)	--	(1.7)
Earnings before interest and tax	7.1	9.1	1.4	(0.1)	17.5	--	17.5
Interest expenses	1.5	1.5	0.2	0.1	3.3	--	3.3
Minority interest	--	--	--	--	--	6.2(3)	6.2
Profit before tax	$ 5.6	$ 7.6	$1.2	$(0.2)	$14.2	$ (6.2)	$ 8.0

The following items describe the adjustments for consolidation of the Combined Joint Ventures with SCG for the six-month periods ended July 3, 1999 and June 27, 1998 and the year ended December 31, 1998:

(1) Represents the adjustment to consolidate the Combined Joint Venture revenues (excluding sales from the Combined Joint Ventures to SCG) with SCG's revenues.

(2) Represents the elimination of the Combined Joint Venture sales to SCG from cost of goods sold, as SCG already includes its purchases from the Combined Joint Ventures in its cost of goods sold.

(3) Represents the adjustment to record the minority ownership interest for the Combined Joint Ventures upon consolidation.

Additionally, the statements reflect the adjustments to eliminate equity earnings of the Combined Joint Ventures already included in the Audited Combined Financial Statements and Unaudited Interim Combined Financial Statements of $2.5, $0.3 and $3.7 for the six months ended July 3, 1999 and June 27, 1998 and the year ended December 31, 1998.

(C) Historically, SCG manufactured products at cost for other SPS divisions. This adjustment reflects the foundry revenues and cost of sales associated with products manufactured for other SPS divisions, which on a historical basis has been recorded as an offset to cost of sales at cost. The Company intends to record such sales in a manner consistent with other third-party sales in the future.

(D) Reflects the reclassification of interest expense, which was charged to SCG by other SPS divisions in the cost of products purchased, to cost of sales.

(E) Reflects the elimination of certain Motorola cost allocations for corporate and divisional research and development and other allocated costs.

	SIX MONTHS ENDED		YEAR ENDED DECEMBER 31,
	JULY 3, 1999	JUNE 27, 1998	1998
Corporate research and development (1)	$ 2.8	$ 3.2	$ 6.4
Sector engineering (2)	8.9	12.2	22.7
	$11.7	$15.4	$29.1

SEMICONDUCTOR COMPONENTS GROUP OF MOTOROLA, INC.
NOTES TO THE UNAUDITED PRO FORMA COMBINED STATEMENTS OF
REVENUES LESS DIRECT AND ALLOCATED EXPENSES BEFORE TAXES

(dollars in millions)

	SIX MONTHS ENDED		YEAR ENDED DECEMBER 31,
	JULY 3, 1999	JUNE 27, 1998	1998
Royalty income (3).....	$(4.6)	$(6.5)	$(10.8)
Other (income) expenses (4).....	(0.4)	4.0	17.0
	$(5.0)	$(2.5)	$ 6.2

The following describes the above cost allocation adjustments:

(1) Represents the elimination of SCG's allocated portion of Motorola's expenses for its corporate research and development labs. These costs are for Motorola projects. The Company's management believes that the Company will not incur costs relating to these projects in the future.

(2) Represents the elimination of SCG's allocated portion of Motorola's expenses for sector engineering excluding the costs for the CDMC lab (which performed product research and development for SCG's TMOS products) of $0.0, $3.7 and $3.9 for the six months ended June 27, 1999 and July 3, 1998 and the year ended December 31, 1998, respectively. The Company's management believes that the Company will not incur costs relating to these SPS research and development activities in the future.

(3) Represents the elimination of royalty income, which Motorola allocated to all of its businesses. This royalty income is not necessarily indicative of the income that would be received by SCG on a stand-alone basis.

(4) Represents the elimination of other income and expenses, which Motorola allocated to all of its businesses. These items principally include chemical decontamination costs and other expenses. The Company's management believes that these costs or income will not recur in the future.

(F) Reflects the additional interest expense resulting from borrowings of approximately $1,125.3 under the credit agreement relating to the Senior Facilities, the Notes and the Junior Subordinated Note and includes $1.7, $1.7 and $3.4 of deferred financing cost amortization for the six months ended July 3, 1999 and June 27, 1998 and the year ended December 31, 1998, respectively. Such borrowings are expected to bear interest at the following:

Tranche A Facility of $50.3--LIBOR plus 3.00% (8.75%, assumed rate)

Tranche B Facility of $325.0--LIBOR plus 3.50% (9.25%, assumed rate)

Tranche C Facility of $350.0--LIBOR plus 3.75% (9.50%, assumed rate)

Notes of $400.0 (12.00%, fixed rate)

Junior Subordinated Note of $91.0 (10.00% fixed rate)

For purposes of the unaudited pro forma condensed combined statements of revenues less direct and allocated expenses before taxes, the above assumed interest rates have been used to calculate interest expense of $64.6, $64.1 and $128.4 (including the above mentioned deferred financing cost amortization) for the six months ended July 3, 1999 and June 27, 1998 and the year ended December 31, 1998, respectively. Such interest rates are representative of the interest rates that would have been in effect under the credit agreement relating to the Senior Facilities had such amounts been borrowed on January 1, 1998 and remained outstanding throughout the period presented. A 0.125% increase or decrease in LIBOR would have resulted in a $0.7, $0.7 and $1.4 adjustment to interest expense for the six months ended July 3, 1999 and June 27, 1998 and the year ended December 31, 1998, respectively.

(G) Reflects the elimination of corporate interest allocated to SCG.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

YOU SHOULD READ THE FOLLOWING DISCUSSION IN CONJUNCTION WITH THE AUDITED COMBINED FINANCIAL STATEMENTS, UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS AND THE UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS, WHICH ARE INCLUDED ELSEWHERE IN THIS PROSPECTUS. SEE "INDEX TO FINANCIAL STATEMENTS." UNLESS THE CONTEXT OTHERWISE INDICATES, THE TERM "THE COMPANY" IN THIS SECTION REFERS TO THE HISTORICAL OPERATIONS OF THE SEMICONDUCTOR COMPONENTS GROUP ("SCG") OF MOTOROLA INC. ("MOTOROLA") PRIOR TO OUR RECAPITALIZATION OF AUGUST 4, 1999 AND THE RELATED TRANSACTIONS. THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS AND THE AUDITED COMBINED FINANCIAL STATEMENTS PRESENT THE COMBINED ASSETS, LIABILITIES AND BUSINESS EQUITY AND THE RELATED COMBINED REVENUES LESS DIRECT AND ALLOCATED EXPENSES BEFORE TAXES OF THE BUSINESS OF SCG, AND ARE NOT INTENDED TO BE A COMPLETE PRESENTATION OF THE FINANCIAL POSITION, RESULTS OF OPERATIONS OR CASH FLOWS OF THE BUSINESS OF SCG. THE RESULTS OF OPERATIONS BEFORE TAXES ARE NOT NECESSARILY INDICATIVE OF THE RESULTS OF OPERATIONS BEFORE TAXES THAT WOULD BE RECORDED BY THE COMPANY ON A STAND-ALONE BASIS. IN ADDITION, SUCH FINANCIAL STATEMENTS COVER PERIODS PRIOR TO OUR RECAPITALIZATION. ACCORDINGLY, MANAGEMENT'S DISCUSSION AND ANALYSIS OF HISTORICAL PERIODS DOES NOT REFLECT THE IMPACT ON US OF THESE EVENTS. SEE "RISK FACTORS" AND "--LIQUIDITY AND CAPITAL RESOURCES." THE MOTOROLA FISCAL YEAR ENDS ON DECEMBER 31ST OF EACH YEAR, AND EACH OF THE FIRST THREE FISCAL QUARTERS OF EACH FISCAL YEAR ENDS ON THE SATURDAY CLOSEST TO THE CALENDAR QUARTER END. AS A RESULT, THE SIX-MONTH PERIOD ENDED JULY 3, 1999 WAS LONGER THAN THE SIX-MONTH PERIOD ENDED JUNE 27, 1998.

OVERVIEW

We are the largest independent supplier of semiconductor components in the world. Our total addressable market ("TAM"), consisting generally of discrete, standard analog and standard logic semiconductors, comprised approximately $16.9 billion of revenues in 1998. Generically referred to as semiconductor "components," these devices are "building blocks" that provide the power control, power protection and interfacing necessary for almost all electronic systems, including computers, consumer electronics, communications equipment, automotive systems and industrial automation and control systems. With a portfolio of over 16,000 products, we offer our customers a single source of supply for virtually all their components needs, including the broadest selection of discrete semiconductor products in the industry and an extensive line of standard analog and standard logic products. Our products generally have long market life cycles, averaging 10 to 20 years, with some as long as 30 years. The long life of these products allows us to use our manufacturing assets for longer periods of time, leading to lower capital expenditures. Our total sales volume was approximately 15 billion units in 1998.

SCG RESTRUCTURING. In 1997, Motorola created the Company as a separate division within its Semiconductor Products Sector to concentrate on the manufacturing of discrete, standard analog and standard logic semiconductors. In 1998, Motorola initiated a company-wide restructuring with the goal of increasing the manufacturing efficiency of various operations within each of Motorola's business groups. In furtherance of this strategy, we are implementing additional ongoing cost-saving initiatives (the "SCG Restructuring"), which includes (1) the rationalization of our product portfolio, (2) plant closures and the relocation or outsourcing of the related operations to take advantage of lower-cost labor markets, (3) headcount reductions and (4) the deployment of more efficient manufacturing processes. Motorola recorded a restructuring charge in the second quarter of 1998, of which $189.8 million was attributable to Motorola's portion of the SCG Restructuring, and the Company does not currently anticipate any significant additional one-time costs in connection with the SCG Restructuring.

SEPARATION FROM MOTOROLA. As a division of Motorola, SCG was allocated a percentage of expenses related to services provided by other Motorola divisions. During 1998, we incurred

approximately $294 million in costs for general, administrative, selling and marketing expenses, of which approximately $119 million was allocated to us by Motorola and other divisions of Motorola's Semiconductor Products Sector ("SPS") for services shared with other divisions of SPS. As part of our recapitalization, we identified the specific services that we believed were necessary to our business and that we would not be able initially to provide ourselves. As part of our recapitalization, Motorola agreed to provide or arrange for the provision of these services, including information technology, human resources, supply management and finance services, for certain periods of time to facilitate our transition to a stand-alone company. The Company's management estimates that we will incur not more than $75 million under these arrangements for general, administrative, selling and marketing related expenses during the first year after our recapitalization and that our aggregate general, administrative, selling and marketing expenses will be less than those directly charged and allocated in 1998. In addition, Motorola agreed to continue to provide worldwide shipping and freight services to us for a period of up to three years using the cost allocation method currently in effect. Under this arrangement, we anticipate paying Motorola approximately $30 million in the first year following our recapitalization. We believe that the scope of the agreements we entered into with Motorola as part of our recapitalization and the time frames, pricing and other terms should provide us sufficient time to effect the transition with minimal disruption to our business, and that we will ultimately be able to provide these services ourselves or identify third-party suppliers to provide such services on terms not materially less favorable to us than the terms of our arrangements with Motorola.

The Company and Motorola have agreed to continue providing manufacturing services to each other for limited periods of time following our recapitalization at fixed prices that are intended to approximate each party's cost of providing the services. Prior to our recapitalization, the cost of the services we provided to other divisions of SPS was recorded as a credit to our cost of production, while the cost of the services other divisions of SPS provided to us was included in our cost of goods sold. We now record foundry services we provide to other divisions of SPS as revenues, and this change has been reflected as an adjustment in our pro forma financial information contained in this prospectus. See "Unaudited Pro Forma Combined Financial Information." In 1996, 1997, and 1998, SCG recorded $159.5 million, $177.4 million, and $162.3 million, respectively, for the cost of foundry services it provided to other divisions of SPS. Each party has committed to certain purchases under these manufacturing services agreements. Subject to our right to cancel upon six months' written notice, we have minimum commitments to purchase manufacturing services from Motorola of approximately $29.5 million, $88 million, $51 million, $41 million and $40 million in the last three months of 1999, and in fiscal years 2000, 2001, 2002 and 2003, respectively, and have no purchase obligations thereafter. Based on our current budget, we anticipate that we will actually purchase manufacturing services from Motorola of approximately $150 million in 2000. Subject to its right to cancel upon six months' written notice, Motorola has minimum commitments to purchase manufacturing services from us of approximately $24.9 million, $66 million and $26 million in the last three months of 1999, and in fiscal years 2000 and 2001, respectively, and has no purchase obligations thereafter. We anticipate that Motorola will actually purchase manufacturing services from us of approximately $100 million in 2000. See Note 2 to the Audited Combined Financial Statements. We believe that prior to the expiration of our manufacturing services agreements with Motorola, we will be able to relocate operations to our facilities, or make arrangements with third-party manufacturers to replace the manufacturing services to be provided by Motorola at costs not materially in excess of the amounts we expect to pay Motorola.

Before our recapitalization, we accounted for our investments in Leshan, Tesla, Terosil and Slovakia Electronics Industries on the equity method because Motorola financed these joint ventures from equity contributions from joint venture partners and third-party non-recourse borrowings. As part of our recapitalization, we refinanced these third-party non-recourse borrowings with

intercompany loans. Additionally, we purchase substantially all of the output from these joint ventures. These joint ventures represented $53.6 million of SCG's cost of goods sold in 1998 and had external revenues of $3.1 million. They have now been consolidated in SCG's financial statements and have been presented on a consolidated basis in the Unaudited Pro Forma Combined Financial Statements contained in this prospectus. Had we consolidated these joint ventures on a historical basis, SCG's sales and gross profit in 1998 would have been increased by $3.1 million and $15.8 million, respectively.

HISTORICAL QUARTERLY PERFORMANCE--1998 THROUGH SECOND QUARTER 1999

The following table sets forth the Company's historical quarterly sales, gross profits and gross margin (gross profit as a percentage of sales) from January 1, 1998 through July 3, 1999:

	FOR THE THREE MONTHS ENDED					
	MARCH 28, 1998	JUNE 28, 1998	SEPTEMBER 28, 1998	DECEMBER 31, 1998	APRIL 3, 1999	JULY 3, 1999
	(DOLLARS IN MILLIONS, UNAUDITED)					
Sales	$414.1	$373.3	$345.9	$360.1	$372.9	$400.7
Gross profit	$139.6	$ 97.3	$ 86.3	$101.4	$102.9	$121.8
Gross margin	34%	26%	25%	28%	28%	30%

In early 1998 we experienced strong sales and gross profit growth resulting principally from inventory buildups by our distribution customers due to a positive industry outlook. However, as a result of the Asian economic crisis, reduced average selling prices resulting from excess semiconductor manufacturing capacity and adjustments resulting from excess inventory, sales in the second and third quarters of 1998 were lower than expected. Since the fourth quarter of 1998, the industry has demonstrated continued improvement driven by the recovery of most Asian economies, better inventory balances and increasing demand for electronic devices. This positive trend is demonstrated in our sequential quarterly growth in sales and gross profit from the fourth quarter of 1998 through the second quarter of 1999. WSTS has forecasted industry and TAM revenue growth from 1998 to 2002 at a compound annual growth rate of 13.8% and 8.8%, respectively.

RESULTS OF OPERATIONS

The following table sets forth line items from our statement of revenues less direct and allocated expenses before taxes, as a percentage of net sales for the periods indicated:

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED	
	1996	1997	1998	JUNE 27, 1998	JULY 3, 1999
	(EXPRESSED AS A PERCENTAGE OF NET SALES)				
Revenue:					
Net sales--trade	100%	100%	100 %	100 %	100%
Direct and allocated costs and expenses:					
Cost of sales	64.6%	61.7%	71.6 %	69.9 %	70.9%
Research and development	4.1%	3.6%	4.5 %	4.6 %	3.8%
Selling and marketing	5.4%	6.1%	6.2 %	6.1 %	4.4%
General and administrative	8.6%	13.2%	13.5 %	14.0 %	9.4%
Restructuring charges	0.0%	0.0%	12.7 %	24.1 %	0.0%
Total direct and allocated costs and expenses:	82.7%	84.6%	108.5 %	118.7 %	88.5%
Other expenses, net	0.7%	0.5%	0.6 %	0.6 %	0.5%
Revenues less direct and allocated expenses before taxes	16.6%	14.9%	(9.1)%	(19.3)%	11.0%

The Company has experienced a decline in its market share since 1993. The Company's market share as a percentage of its TAM was 11.0% in 1993, 10.5% in 1994, 9.7% in 1995, 9.4% in each of 1996 and 1997 and 8.7% in 1998. We believe this decline is attributable primarily to SPS' emphasis on the sale of more complex and higher-priced semiconductors, including the diversion of research and development, capital expenditures and manufacturing capacity to these products and incentives provided to SPS' sales force and third-party distributors linked to the sale of these products.

SIX MONTHS ENDED JULY 3, 1999 COMPARED TO SIX MONTHS ENDED JUNE 27, 1998

NET SALES-TRADE. Net sales decreased $13.8 million, or 1.8%, from $787.4 million for the six months ended June 27, 1998 to $773.6 million for the six months ended July 3, 1999. The overall decline in net sales was primarily attributable to the sale of the Opto Isolator product line during the third quarter of 1998, which accounted for $15.1 million of the decrease in net sales during the six months ended July 3, 1999 compared to the six months ended June 27, 1998. This reduction in net sales was partially offset by a combination of a 17.0% increase in unit volume and a 16.1% decrease in average sales prices between these periods. Average sales prices decreased between these periods primarily as a result of excess semiconductor manufacturing capacity and aggressive pricing action to maintain market share.

Net sales for standard analog products, which accounted for 20% of net sales for the six months ended July 3, 1999, increased 12.2% compared to the same period in 1998, primarily as a result of increased product demand in the telecommunications industry and our focus on expanding the sales of this product line. Net sales for standard logic products, which accounted for 23% of net sales for the six months ended July 3, 1999, decreased 8.1% compared to the same period in 1998, primarily because of our discontinuation of a standard logic product line and reduced emphasis on older standard logic product families. Net sales for discrete products, which accounted for 57% of net sales for the six months ended July 3, 1999, were relatively flat compared to the same period in 1998.

The geographic distribution of net sales for the six months ended July 3, 1999 is relatively consistent as compared to the six months ended June 27, 1998. Net sales were derived 45%, 32% and 23% from the Americas, the Asia/Pacific region and Europe (including the Middle East), respectively, in the first six months of 1999, compared to 46%, 29% and 25%, respectively, in the first six months of 1998.

GROSS PROFIT. Gross profit, defined as net sales less cost of sales, decreased 5.1% from $236.9 million for the six months ended June 27, 1998 to $224.7 million for the six months ended July 3,1999. As a percentage of net sales, gross profit was 30.1% in the first six months of 1998, compared to 29.1% in the first six months of 1999. The decrease in gross profit as a percentage of net sales resulted primarily from lower average sales prices. The impact of these price declines was offset, in part, by reductions in costs resulting from the SCG Restructuring.

RESEARCH AND DEVELOPMENT. Research and development costs decreased $7.0 million, or 19.2%, from $36.4 million in the six months ended June 27, 1998 to $29.4 million in the six months ended July 3, 1999. As a percentage of net sales, these costs decreased from 4.6% in the first six months of 1998 to 3.8% in the first six months of 1999. Research and development costs historically consisted of allocations from Motorola and other divisions of SPS as well as research and development costs incurred directly by SCG. The decrease in research and development costs is primarily attributable to a $7.4 million reduction in the costs allocated by Motorola and other divisions of SPS in the first six months of 1999 as compared to the first six months of 1998. Research and development costs incurred directly by SCG were $17.7 million for the first six months of 1999 compared to $17.3 million for the first six months of 1998.

SELLING AND MARKETING. Selling and marketing expenses decreased by 29.8% from $48.3 million in the six months ended June 27, 1998 to $33.9 million in the six months ended July 3, 1999. As a percentage of net sales, these costs decreased from 6.1% in the first six months of 1998 to 4.4% in the first six months of 1999. The decrease in selling and marketing expenses is primarily attributable to headcount reductions associated with the SCG Restructuring.

GENERAL AND ADMINISTRATIVE. General and administrative expenses decreased by 33.9% from $109.7 million in the six months ended June 27, 1998 to $72.5 million in the six months ended July 3, 1999. As a percentage of net sales, these costs decreased from 14.0% in the first six months of 1998 to 9.4% in the first six months of 1999. In addition to general and administrative expenses incurred directly by SCG, general and administrative costs include an allocation of Motorola's corporate and sector costs for services shared with other divisions of SPS. General and administrative expenses allocated to SCG by Motorola decreased by $20.4 million, or 32.8%, to $41.8 million for the six months ended July 3, 1999. General and administrative expenses incurred directly by SCG decreased by $16.8 million, or 35.4% to $30.7 million for the six months ended July 3, 1999. The reduction in general and administrative expenses is primarily attributable to the headcount reductions under the SCG Restructuring.

RESTRUCTURING AND OTHER CHARGES. In June 1998, Motorola recorded a charge to cover restructuring costs related to the consolidation of manufacturing operations, the exit of non-strategic or poorly performing businesses and a reduction in worldwide employment by 20,000. Asset impairment and other charges were also recorded for the writedown of assets which had become impaired as a result of current business conditions or business portfolio decisions. SCG's charges related to these actions were $189.8 million of which $53.9 million represented asset impairments charged directly against machinery and equipment. SCG's employment reductions will total approximately 3,900 of which approximately 3,000 (1,800 direct employees and 1,200 indirect employees) had separated from SCG as of July 3, 1999. At July 3, 1999, $45.5 million of restructuring accruals remain outstanding. The following table displays a rollforward from December 31, 1998 to July 3, 1999 of the accruals established during the second quarter of 1998:

	ACCRUALS AT DECEMBER 31, 1988	1999 AMOUNTS USED	ACCRUALS AT JULY 3, 1999
Consolidation of manufacturing operations.....	$13.2	$ 3.8	$ 9.4
Business exits.....	11.3	6.4	4.9
Employee separations.....	43.5	12.3	31.2
Total restructuring.....	68.0	22.5	45.5
Asset impairments and other charges.....	--	--	--
Total.....	$68.0	$22.5	$45.5

SCG's remaining accrual at July 3, 1999 of $9.4 million for the consolidation of manufacturing operations represents the finalization of the plant closings in Arizona and the Philipines. Within the business exits category, the remaining accrual of $4.9 million at July 3, 1999 relates to costs of exiting two unprofitable product lines. SCG's remaining accrual of $31.2 million at July 3, 1999 for employee separations relates to the completion of severance payments in Japan, Asia, the U.K. and Arizona. SCG's total 1999 amount used of $22.5 million through July 3, 1999 reflects cash payments. The remaining $45.5 million accrual balance at July 3, 1999 is expected to be liquidated via cash payments.

OPERATING INCOME. We incurred an operating loss of $147.3 million, or 18.7% of net sales, for the six months ended June 27, 1998 compared to operating income of $88.9 million, or 11.5% of net sales, for the six months ended July 3, 1999. Excluding the charge associated with the SCG Restructuring, we would have had operating income of $42.5 million, or 5.4% of net sales, during

the first six months of 1998. This increase is primarily attributable to cost reductions resulting from the SCG Restructuring.

EQUITY IN EARNINGS FROM JOINT VENTURES. Equity in earnings from joint ventures increased by 58.8% from $1.7 million in the six months ended June 27, 1998 to $2.7 million in the six months ended July 3, 1999. The increase is attributable to growth in unit volumes due to capacity expansion at these joint ventures that resulted in manufacturing efficiencies and lower unit costs.

INTEREST EXPENSE. Interest expense decreased from $6.7 million for the six months ended June 27, 1998 to $6.5 million for the six months ended July 3, 1999. These amounts were allocated by Motorola to SPS and in turn to us.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

NET SALES--TRADE. Net sales decreased $321.8 million, or 17.7%, from $1,815.2 million in 1997 to $1,493.4 million in 1998. Our sales decreased in all major product categories. The decline in net sales which was greater than the TAM decline of 11% over the same time period was primarily attributable to a worldwide recessionary period in the semiconductor industry resulting from the Asian economic crisis, excess manufacturing capacity and excess inventory levels. Average sales prices declined 12.3% while total unit volume declined only 5.9%.

Net sales for discrete, standard analog and standard logic products, which accounted for 58%, 19% and 23%, respectively, of net sales in 1998, decreased 16.5%, 7.3% and 27.1%, respectively, compared to 1997, primarily as a result of industry-wide declines in average selling prices. The decrease in net sales of standard logic products was exacerbated by our discontinuation of a standard logic product line and reduced emphasis on older standard logic product families.

The geographic distribution of net sales in 1998 is relatively consistent as compared to 1997. Net sales were derived 46%, 30% and 24% in the Americas, the Asia/Pacific region and Europe (including the Middle East), respectively, in 1998, compared to 46%, 33% and 21%, respectively, in 1997.

GROSS PROFIT. Gross profit, defined as net sales less cost of sales, decreased 39.0% from $695.6 million in 1997 to $424.6 million in 1998. As a percentage of net sales, gross profit was 38.3% in 1997 compared to 28.4% in 1998. The decrease in gross profit as a percentage of net sales resulted primarily from lower average sales prices as well as the underutilization of production capacity, causing fixed production costs to be spread over fewer units of production. These negative impacts on gross profit were offset, in part, by reductions in costs resulting from the SCG Restructuring.

RESEARCH AND DEVELOPMENT. Research and development costs increased $1.8 million, or 2.7%, from $65.7 million in 1997 to $67.5 million in 1998. As a percentage of net sales, these costs increased from 3.6% in 1997 to 4.5% in 1998. Research and development costs historically consisted of allocations from Motorola and other divisions of SPS as well as research and development costs incurred directly by us. Research and development expenses allocated to us by Motorola and other divisions of SPS decreased by $1.5 million from $34.6 million in 1997 to $33.1 million in 1998. Research and development cost incurred directly by SCG increased by $3.3 million from $31.1 million in 1997 to $34.4 million in 1998. This increase reflects our continued commitment to focus on new product development.

SELLING AND MARKETING. Selling and marketing expenses decreased by 16.5% from $110.7 million in 1997 to $92.4 million in 1998. The reduction in selling and marketing expenses is primarily attributable to the SCG Restructuring. As a percentage of net sales, these costs remained relatively

consistent at just over 6% in 1997 and 1998 due to the decline in net sales and the SCG Restructuring in 1998.

GENERAL AND ADMINISTRATIVE. General and administrative expenses decreased by 15.9% from $239.8 million in 1997 to $201.6 million in 1998. As a percentage of net sales, these costs remained relatively consistent at just over 13% in 1997 and 1998 due to the decline in net sales in 1998. In addition to general and administrative expenses incurred directly by us, general and administrative costs consist of an allocation of Motorola's corporate and sector costs. General and administrative expenses allocated to SCG by Motorola decreased by $1.8 million, or 1.5%, to $115.2 million for 1998. General and administrative expenses incurred directly by us decreased by $36.4 million, or 29.6%, to $86.4 million for 1998. The reduction in general and administrative expenses is primarily attributable to headcount reductions under the SCG Restructuring.

RESTRUCTURING AND OTHER CHARGES. In June 1998, Motorola recorded a charge to cover restructuring costs related to the consolidation of manufacturing operations, the exit of non-strategic or poorly performing businesses and a reduction in worldwide employment by 20,000 employees. Asset impairment and other charges were also recorded for the writedown of assets which had become impaired as a result of current business conditions or business portfolio decisions.
Motorola recorded its charge in the following restructuring categories:

CONSOLIDATION OF MANUFACTURING OPERATIONS. Consolidation of manufacturing operations relates to the closing of production and distribution facilities and selling or disposing of the machinery and equipment that was no longer needed and, in some cases, scrapping excess assets that had no net realizable value. The buildings associated with these production facilities, in many cases, were sold to outside parties. Also included in this restructuring category were costs related to shutting down or reducing the capacity of certain production lines. In most cases, older facilities with older technologies or non-strategic products were closed. Machinery and equipment write downs related to equipment that would no longer be utilized comprised the majority of these costs. These assets have been deemed to be held for use until such time as they are removed from service and, therefore, no longer utilized in manufacturing products. An assessment was made as to whether or not there was an asset impairment related to the valuation of these assets in determining what the amount of the write down included in the restructuring charge should be for this machinery and equipment. This assessment utilized the anticipated future undiscounted cash flows generated by the equipment as well as its ultimate value upon disposition.

The charges in this restructuring category do not include any costs related to the abandonment or sub-lease of facilities, moving expenses, inventory disposals or write downs, or litigation or environmental obligations.

As part of the consolidation of manufacturing operations, certain SPS facilities in North Carolina, California, Arizona and the Philippines are being closed as planned. SPS is consolidating its production facilities into fewer integrated factories to achieve economies of scale and improved efficiencies and to capitalize on new technologies that should reduce operating costs.

BUSINESS EXITS. Business exit costs include costs associated with shutting down businesses that did not fit with Motorola's new strategy. In many cases, these businesses used older technologies that produced non-strategic products. The long-term growth and margins associated with these businesses were not in line with Motorola's expectations given the level of investment and returns. Included in these business exit costs were the costs of terminating technology agreements and selling or liquidating interests in joint ventures that did not fit with the new strategy of Motorola. Similar to consolidation of manufacturing operations, the charges in this restructuring category did not include any costs related to the abandonment or sublease of facilities, moving expenses, inventory disposals or write downs, or litigation or environmental obligations.

EMPLOYEE SEPARATIONS. Employee separation costs represent the costs of involuntary severance benefits for the 20,000 positions identified as subject to severance under the restructuring plan and special voluntary termination benefits offered beginning in the third quarter of 1998. The special voluntary termination benefits provided for one week of pay for each year of service between years 1-10, two weeks of pay for each year of service between years 11-19, and three weeks of pay for each year of service for year 20 and greater. The majority of employees who accepted special voluntary termination benefits did so by the end of the year, although severance payments were not completed by that time. The majority of the special voluntary termination benefits expired at the end of the fourth quarter of 1998.

As of December 31, 1998, approximately 13,800 employees have separated from Motorola through a combination of voluntary and involuntary severance programs. Of the 13,800 separated employees, approximately 8,200 were direct employees and 5,600 were indirect employees. Direct employees are primarily non-supervisory production employees, and indirect employees are primarily non-production employees and production managers.

ASSET IMPAIRMENTS AND OTHER CHARGES. As a result of current and projected business conditions, Motorola wrote down operating assets that became impaired. All impaired asset write downs have been reflected as contra assets in the combined balance sheet at December 31, 1998. The majority of the assets written down were used manufacturing equipment and machinery.

The amount of impairment charge for the assets written down was based upon an estimate of the future cash flows expected from the use of the assets, as well as upon their eventual disposition. These undiscounted cash flows were then compared to the net book value of the equipment, and impairment was determined based on that comparison. Cash flows were determined at the facility level for certain production facilities based upon anticipated sales value of the products to be produced and the costs of producing the products at those facilities. In cases in which sufficient cash flows were not going to be generated by the equipment at those facilities, the assets were written down to their estimated fair value. These estimated fair values were based upon what the assets could be sold for in a transaction with an unrelated third party. Since the majority of these assets were machinery and equipment, Motorola was able to utilize current market prices for comparable equipment in the marketplace in assessing what would be the fair value upon sale of the equipment.

Building writedowns were based on marketability factors of the building in the particular location.

Assets held for use continue to be depreciated based on an evaluation of their remaining useful lives and their ultimate values upon disposition. There were no assets held for sale at December 31, 1998 nor were any impaired assets disposed of prior to that date.

SCG'S RESTRUCTURING CHARGE. SCG's charges related to these actions were $189.8 million of which $53.9 million represented asset impairments charged directly against machinery and equipment. SCG's employment reductions will total approximately 3,900 of which approximately 2,500 (1,600 direct employees and 900 indirect employees) had separated from SCG as of December 31, 1998.

At December 31, 1998, $68.0 million of restructuring accruals remain outstanding. The following table displays a rollforward to December 31, 1998 of the accruals established during the second quarter of 1998:

	INITIAL CHARGES	AMOUNTS USED	ACCRUALS AT DECEMBER 31, 1998
		(IN MILLIONS)	
Consolidation of manufacturing operations	$ 13.2	$ --	$13.2
Business exits	20.7	9.4	11.3
Employee separations	102.0	58.5	43.5
Total restructuring	135.9	67.9	68.0
Asset impairments and other charges	53.9	53.9	--
Total	$189.8	$121.8	$68.0

SCG's remaining accrual at December 31, 1998 of $13.2 million for the consolidation of manufacturing operations represents the finalization of the plant closings in Arizona and the Philippines. Within the business exits category, the remaining accrual of $11.3 million at December 31, 1998 relates to costs of exiting two unprofitable product lines. SCG's remaining accrual of $43.5 million at December 31, 1998 for employee separations relates to the completion of severance payments in Japan, Asia, the U.K. and Arizona.

SCG's total amount used of $121.8 million through December 31, 1998 reflects approximately $63.6 million in cash payments and $58.2 million in write-offs. The remaining $68.0 million accrual balance at December 31, 1998 is expected to be liquidated via cash payments.

OPERATING INCOME. Operating income was $279.4 million, or 15.4% of net sales, in 1997 compared to an operating loss of $126.7 million, or 8.5% of net sales, in 1998. Excluding the charge associated with the SCG Restructuring, we would have had operating income of $63.1 million, or 4.2% of net sales, in 1998. This decrease is primarily attributable to the deterioration in gross margins.

EQUITY IN EARNINGS FROM JOINT VENTURES. Equity in earnings from joint ventures increased from $1.6 million in 1997 to $8.4 million in 1998. During 1998, we recognized a greater benefit from our 1997 investments in two companies in the Czech Republic, as the facilities increased to full capacity in 1998. These investments were part of our global semiconductor expansion strategy to relocate manufacturing facilities out of the United States into markets with lower cost facilities.

INTEREST EXPENSE. Interest expense increased from $11.0 million in 1997 to $18.0 million in 1998. These amounts were allocated by Motorola to SPS and in turn to us.

YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

NET SALES--TRADE. Net sales increased $67.2 million, or 3.8%, from $1,748.0 million in 1996 to $1,815.2 million for 1997. The increase was consistent with the TAM growth of 4.3% over the same time period. Total unit volume increased 21.2% in 1997 compared to 1996, while average sales prices decreased by 14.9%, reflecting continued price pressure as a result of excess semiconductor manufacturing capacity in the industry.

Net sales for discrete products, which accounted for 56% of net sales for 1997, decreased 0.4% compared to 1996. Net sales for standard analog products and standard logic products, which accounted for 17% and 27%, respectively, of net sales for 1997, increased 11.3% and 10.5%,

respectively, compared to 1996. The growth rates of discrete, standard analog and standard logic product families followed general market trends.

The geographic distribution of net sales for 1997 is relatively consistent as compared to 1996. Net sales were derived 46%, 33% and 21% in the Americas, the Asia/Pacific region and Europe (including the Middle East), respectively, during 1997, compared to 46%, 33% and 21%, respectively, in 1996.

GROSS PROFIT. Gross profit, defined as net sales less cost of sales, increased 12.3% from $619.2 million in 1996 to $695.6 million in 1997. As a percentage of net sales, gross profit was 35.4% in 1996 compared to 38.3% in 1997. This improvement in gross profit as a percentage of net sales was primarily the result of improved manufacturing efficiencies and capacity utilization resulting from increased unit volume. Inventory levels were increased in 1997 in anticipation of a rebound of the semiconductor industry in 1998. As production was increased in 1997 to build inventory levels, fixed production costs were spread over higher unit volume and were capitalized into inventory, resulting in a positive impact on 1997 gross profit.

RESEARCH AND DEVELOPMENT. Research and development costs decreased $6.0 million, or 8.4%, from $71.7 million in 1996 to $65.7 million in 1997. As a percentage of net sales, these costs decreased from 4.1% in 1996 to 3.6% in 1997. Research and development costs historically consisted of allocations from Motorola and other divisions of SPS as well as research and development costs incurred directly by us. The research and development costs allocated by Motorola and other divisions of SPS were essentially flat at $34.8 million in 1996 compared to $34.6 million in 1997. The decrease in research and development costs is primarily attributable to a $5.8 million reduction in the costs incurred directly by SCG. The decrease was primarily the result of the SPS reorganization in 1997 (the "SPS Reorganization"), when Motorola created SCG as a separate division within SPS. As a result, certain research and development personnel were reassigned to other groups within the sector, thus reducing our research and development resources in 1997.

SELLING AND MARKETING. Selling and marketing expenses increased by 17.3% from $94.4 million in 1996 to $110.7 million in 1997. As a percentage of net sales, these costs increased from 5.4% in 1996 to 6.1% in 1997. The increase in selling and marketing expenses is primarily attributable to changes in processes and additional selling and marketing functions for which SCG assumed direct responsibility starting in 1997 as part of the SPS Reorganization.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased by 59.0% from $150.8 million in 1996 to $239.8 million in 1997. As a percentage of net sales, these costs increased from 8.6% in 1996 to 13.2% in 1997. In addition to general and administrative expenses incurred directly by us, general and administrative costs consist of an allocation of Motorola's corporate and sector costs. General and administrative expenses allocated to SCG by Motorola increased by $29.8 million, or 34.2%, to $117.0 million in 1997. General and administrative expenses incurred directly by SCG increased by $59.2 million, or 93.1%, to $122.8 million in 1997. The increase in general and administrative expenses is primarily attributable to costs resulting from the SPS Reorganization in 1997.

OPERATING INCOME. Operating income as a percentage of net sales decreased from 17.3%, or $302.3 million, in 1996 to 15.4%, or $279.4 million, in 1997. This decrease is attributable primarily to increased selling and marketing and general and administrative expenses resulting from the SPS Reorganization in 1997, offset by improvements in gross profit in 1997.

EQUITY IN EARNINGS FROM JOINT VENTURES. Equity in earnings from joint ventures decreased by 33.3% from $2.4 million in 1996 to $1.6 million in 1997. The decrease in earnings was primarily

attributable to our Malaysian joint venture, which incurred translation losses in 1997 on U.S. dollar denominated loans.

INTEREST EXPENSE. Interest expense decreased from $15.0 million in 1996 to $11.0 million in 1997. These amounts were allocated by Motorola to SPS and in turn to us.

LIQUIDITY AND CAPITAL RESOURCES

As part of our recapitalization and the related transactions, we entered into a credit agreement in connection with our senior bank facilities pursuant to which a $150.0 million revolving facility for working capital and general corporate purposes (of which $135.3 million remains undrawn) and $875.0 million of committed senior term facilities were available to the Company, providing a total of $1,025.0 million in committed financing. As part of the recapitalization, we borrowed $740.5 million under our senior bank facilities. We have subsequently borrowed an additional $60 million under our $134.5 million delayed draw term facility, the remainder of which will remain available until February 4, 2000 to fund working capital. Our senior bank facilities consist of a $200.0 million tranche A facility (including the $134.5 million delayed draw term facility) that fully amortizes within six years, a $325.0 million tranche B facility that fully amortizes within seven years and a $350.0 million tranche C facility that fully amortizes within eight years. As part of our recapitalization and the related transactions, we also issued the initial notes, which consist of $400.0 million in aggregate principal amount of 12% senior subordinated notes due in 2009.

The senior bank facilities and the initial and exchange notes will, and other debt instruments of ours may, impose various restrictions and covenants on the Company. See "Description of Other Indebtedness" and "Description of Exchange Notes." As part of our recapitalization and the related transactions, SCI LLC issued a junior subordinated note, which bears interest at a rate of 10% per annum, payable semi-annually in kind. Interest will be payable in cash after the fifth anniversary of the issue date if, after giving effect to the payment of interest on any interest payment date, we will be in compliance with our obligations under our senior bank facilities and the indenture relating to the notes. Our junior subordinated note will mature on the twelfth anniversary of its issue date and be subordinated in right of payment to the notes and the loans under our senior bank facilities and pari passu in right of payment with unsecured trade debt.

As of September 30, 1999, we had approximately $800.5 million of senior indebtedness (excluding unused commitments) and negative equity of approximately $287.3 million. In addition, the credit agreement relating to our senior bank facilities, the indenture relating to the notes and the terms of our junior subordinated note will allow us to incur further additional indebtedness under certain circumstances.

Prior to our recapitalization, Motorola performed cash management on a centralized basis, and SPS processed receivables and certain payables, payroll and other activities for SCG. Most of these systems were not designed to track receivables, liabilities and cash receipts and payments on a division-specific basis. Accordingly, it is not practical to determine certain assets and liabilities associated with SCG. Given these constraints, only supplemental cash flow information for the periods presented of operating cash flows, excluding Motorola financing and taxes, as described in Note 8 to the Audited Combined Financial Statements, are presented in lieu of a statement of cash flows. Following our recapitalization, Motorola has agreed to continue to provide these cash management services on an SCG-specific basis until July 2001.

During the six months ended July 3, 1999, we had cash flow from operating activities, excluding Motorola financing and taxes of $108.8 million. Net financing provided to Motorola during the first six months of 1999 was $86.8 million. During 1998, we had cash flow from operating activities, excluding Motorola financing and taxes, of $130.3 million, compared to $307.5 million and $424.0 million in 1997 and 1996, respectively. Net financing provided to Motorola in 1998 was $49.1 million, compared to $149.7 million and $233.3 million in 1997 and 1996, respectively. The

difference between cash flow from operating activities and investing activities does not necessarily represent our cash flows, or the timing of such cash flows, had we operated on a stand-alone basis during the respective periods.

Capital expenditures, net of transfers were $81.2 million in 1998. Gross capital expenditures are expected to be approximately $110.0 million in 1999. Approximately $36.4 million (before transfers) was spent as of July 3, 1999. We have been able to limit capital expenditures supporting our capacity expansions by buying depreciated assets from other Motorola divisions at their book value. Capital expenditures for our joint ventures were $45.0 million in 1998 and are expected to be approximately $51.7 million in 1999. Approximately $21.9 million of the $51.7 million for the joint ventures' 1999 capital expenditure program was spent as of July 3, 1999.

Our primary future cash needs will continue to be working capital and capital expenditures as well as debt service. Our ability to make payments on and to refinance our indebtedness, including the notes, our senior bank facilities and the junior subordinated note and to fund working capital, capital expenditures, research and development efforts and strategic acquisitions will depend on our ability to generate cash in the future, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Further, our senior bank facilities, the indenture relating to the notes and the terms of our junior subordinated note, and other debt instruments we enter into in the future impose various restrictions and covenants on us that could limit our ability to respond to market conditions, to provide for unanticipated capital investments or to take advantage of business opportunities. We believe that currently anticipated costs savings, revenue growth and operating improvements will be sufficient to enable us to service our indebtedness and to fund our other liquidity needs for the next twelve months.

YEAR 2000 READINESS

We depend on business systems and other computer systems in operating our business. We also depend on the proper functioning of the business systems of third parties, such as our vendors and customers and, in particular, Motorola. The failure of any of these systems to interpret properly the upcoming calendar year 2000 could have a material adverse effect on our business or our prospects.

Our ability to achieve Year 2000 readiness depends substantially on Motorola's ability to achieve Year 2000 readiness and to provide us with cloned information technology systems and other systems that are Year 2000 ready. Motorola deems any system or equipment to be Year 2000 ready if it will perform its intended function on or after January 1, 2000 as it performed prior to January 1, 2000. Motorola has advised us that it has substantially completed its Year 2000 remediation efforts. Although we believe that the Motorola systems from which our systems have been "cloned" are Year 2000 ready, we cannot assure you that Motorola will be Year 2000 ready. Motorola has also reviewed the Year 2000 readiness and compliance of its principal suppliers of products and services, in order to identify and assess any negative impacts that non-compliance could have on the Company, and is working with its customers to identify potential Year 2000 issues with its products.

We have also implemented our own Year 2000 compliance program to continue these activities. To date, no issues have been identified that are material to our business, other than the supply of utilities such as electricity, water and natural gas in countries other than the United States. As of September 30, 1999, we completed our multi-phase assessment and remediation program. In the fourth quarter of 1999, we will continue our evaluations of external infrastructure providers, such as utilities, and refine our contingency plans.

Although we believe, based on efforts to date, that our products and facilities will be substantially Year 2000 ready, any inability to remedy unforeseen Year 2000 problems or the failure of third parties to do so may cause business interruptions or shutdown, financial loss, regulatory actions,

reputational harm or legal liability. We cannot assure you that our Year 2000 program or the programs of third parties who do business with us will be effective, that our estimate about the timing and cost of completing our program will be accurate or that all remediation will be complete by the Year 2000.

Amounts incurred by the Company to identify, test and correct Year 2000 problems were approximately $900,000 for the eighteen-month period ended September 1999. Future expenditures to be incurred are currently estimated to be approximately $400,000, which should be incurred before the end of 1999. The Company is actively engaged in preparing contingency plans in the event that key suppliers or customers fail to become Year 2000 compliant. Motorola has prepared such contingency plans where it identified a "high risk" of non-Year 2000 readiness.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes standards for the accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. This statement generally requires recognition of gains and losses on hedging instruments, based on changes in fair value or the earnings effect of forecasted transactions. As issued, SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133--An Amendment of FASB Statement No. 133," which deferred the effective date of SFAS No. 133 until June 15, 2000. We are currently evaluating the impact of SFAS No. 133.

INFORMATION REGARDING OUR MARKET INDUSTRY DATA

In this prospectus, we rely on and refer to information regarding the semiconductor market and our competitors that has been prepared by industry research firms, including Semiconductor Industry Association ("SIA"), World Semiconductor Trade Statistics ("WSTS"), the Gartner Group's Dataquest division ("Dataquest") and Insight-Onsite Research ("Insight-Onsite"), or compiled from market research reports, analyst reports and other publicly available information. All industry and TAM data that are not cited as being from a specified source are from WSTS.

All of our market share information presented in this prospectus refers to our total product sales revenues in our TAM, which comprises the following specific WSTS product categories: (1) discrete products (all discrete semiconductors other than sensors, RF and microwave power transistors and optoelectronics); (2) standard analog products (amplifiers, voltage regulators and references and comparators only); and (3) standard logic products (general purpose logic and MOS general purpose logic only). Although we believe this information is reliable, we cannot guarantee the accuracy and completeness of the information and have not independently verified it.

INDUSTRY OVERVIEW

Semiconductors are basic building blocks used to create an increasing variety of electronic products and systems. Since the invention of the transistor in 1948, continuous improvements in semiconductor process and design technologies have led to smaller, more complex and more reliable devices at a lower cost per function. The availability of low-cost semiconductors together with increased customer demand for sophisticated electronic systems has led to the proliferation of semiconductor devices into diverse end products such as computers, consumer electronics, communications equipment, automotive systems and industrial automation and control systems, together with an increase in the number of semiconductor devices in individual electronic systems and an increase in semiconductor value as a percentage of the total cost of electronic systems.

The semiconductor industry is comprised of three broad product segments: (1) logic devices, which process data and range from complex integrated circuits ("ICs") such as microprocessors and digital signal processors to standard logic products (approximately 50% of total industry sales); (2) memory devices, which store data (approximately 22% of total industry sales); and (3) analog and discrete devices, which process electronic signals and control electrical power (approximately 28% of total industry sales). Within these categories, semiconductors are classified as either standard components or application-specific components. Standard semiconductors are used by a large group of systems designers for a broad range of applications, while application-specific semiconductors are designed to perform specific functions in specific applications.

The manufacturing of a semiconductor device is a complex process that requires two primary stages: wafer fabrication and assembly/test. The wafer fabrication, or "front-end" process, is the more technologically demanding process in which the circuit patterns of the semiconductor are photolithographically etched on to raw silicon wafers. In the assembly/test, or "back-end" process, these wafers are cut into individual "die," which are then bonded to a substrate, have connectors attached to them and are encapsulated in a package. In the final step, the finished products are tested to ensure they meet their operating specifications. Historically, because the back-end process is less technology intensive (requiring, for example, less stringent clean room standards) these operations were often located in lower-cost facilities in emerging market countries while the front-end process remained near the manufacturer's primary facilities. As these countries' technology industries have matured, the front-end processes have been increasingly relocated abroad.

Worldwide semiconductor market revenues were $125.6 billion in 1998, including revenues in our TAM of approximately $16.9 billion. Since 1993, total industry revenues have grown at a compound annual growth rate of 10.2% and TAM revenues have grown at a compound annual growth rate of 7.3%. The industry is cyclical, however, and from 1995 to 1998 industry and TAM revenues declined from $144.4 billion to $125.6 billion and from $19.7 billion to $16.9 billion, respectively. This was the first three-year downturn in industry history and was driven primarily by reduced average selling prices resulting primarily from excess semiconductor manufacturing capacity and the Asian economic crisis.

Recent industry performance shows strong indications of a rebound. The following table shows revenues in the industry and for our TAM over the most recent six calendar quarters:

QUARTERLY WORLDWIDE SEMICONDUCTOR SALES

	THREE MONTHS ENDED						
	DECEMBER 31, 1997	MARCH 31, 1998	JUNE 30, 1998	SEPTEMBER 30, 1998	DECEMBER 31, 1998	MARCH 31, 1999	JUNE 30, 1999
	(DOLLARS IN BILLIONS)						
Industry	$34.5	$31.4	$29.6	$30.7	$33.9	$33.5	33.6
Change from previous three months	(2.8)%	(9.0)%	(5.7)%	3.7%	10.4%	(1.2)%	0.2%
TAM	$ 4.8	$ 4.5	$ 4.2	$ 4.0	$ 4.2	$ 4.3	4.6
Change from previous three months	(4.0)%	(6.3)%	(6.7)%	(4.8)%	5.0%	2.4%	7.0%

The following table sets forth the total industry revenues for the semiconductor industry from 1993 through 1998 and projected total industry revenues for 1999 through 2002:

WORLDWIDE SEMICONDUCTOR INDUSTRY SALES (1)

	HISTORICAL							PROJECTED	
	1993	1994	1995	1996	1997	1998	CAGR (2)	1999	2000
	(DOLLARS IN BILLIONS)								
Logic	$34.1	$ 42.1	$ 56.0	$ 61.9	$ 70.4	$ 67.0	14.5%	$ 74.7	$ 85.4
Analog	10.7	13.6	16.7	17.0	19.8	19.1	12.3%	20.7	22.9
Memory	21.3	32.5	53.5	36.0	29.3	23.0	1.6%	28.2	33.9
Discrete	11.3	13.7	18.4	17.0	17.7	16.5	7.9%	17.9	19.3
Total	$77.3	$101.9	$144.4	$132.0	$137.2	$125.6	10.2%	$141.4	$161.6

	PROJECTED		
	2001	2002	CAGR (3)
	(DOLLARS IN BILLIONS)		
Logic	$ 98.7	$113.6	14.1%
Analog	25.9	29.0	11.1%
Memory	40.5	44.8	18.1%
Discrete	21.1	23.1	8.7%
Total	$186.2	$210.4	13.8%

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(1) According to the WSTS. Due to rounding, some totals are not arithmetically correct sums of their component figures.

(2) Represents the compound annual growth rate from 1993 through 1998.

(3) Represents the projected compound annual growth rate from 1998 through 2002.

THE COMPANY'S MARKET

Our market includes discrete, standard analog and standard logic semiconductors that provide power control, power protection and interfacing functions. Electronic systems, such as computers, cellular phones and video recorders, rely on a combination of discrete, analog, logic, microprocessor and memory devices. In such a system, microprocessors and memory devices collectively operate as the "brains" of the system, and rely on discrete, standard analog and standard logic devices for usable electrical power and protection and to interface both between components within a system and with external power and signal sources. Despite the prominent role high-end microprocessors and memory products play in leading-edge computers and consumer electronic products, semiconductor components accounted for approximately 85% of total semiconductor unit

volume and 13% of semiconductor industry revenues in 1998, and most consumer electronic products use a variety of these semiconductors. For example, according to Dataquest and other industry analysts, a computer hard drive contains approximately 14 semiconductor component products, an automobile's control unit contains approximately 45 semiconductor component products, a computer printer contains approximately 30 semiconductor component products and a cellular phone contains between 30 and 50 semiconductor component products.

POWER CONTROL AND PROTECTION FUNCTIONS. Power control and protection is essential to virtually all electronic systems. Before sensitive electronic systems and semiconductors can use the "raw" electricity provided by external power sources, this electricity must be efficiently converted to a usable and regulated input. By the same token, these electronic systems must be able to control higher power outputs, such as when an automotive control box instructs a spark plug to fire or a starter engine to engage. Within an electronic system, the characteristics of this output must be further modified and regulated to meet the requirements of the different components within the system, and sensitive components must be protected from the output of other higher power components. Intelligent power control is also critical to meet consumer demands for long battery lives on increasingly complex and power hungry portable electronic devices. Power control is provided by discrete and standard analog products.

INTERFACE FUNCTIONS. In order for components within an electronic system to interact with each other and with the outside world, non-electronic inputs must be converted to and from an electronic format and electronic signals generated by individual ICs within a system must be interconnected and routed to other ICs. Although complex integrated circuits, such as microprocessors, ultimately consist of sophisticated architectures of thousands or millions of interfacing functions, these complex ICs still rely on single-purpose components for a number of functions. First, although many of these discrete products provide simple logic functions of the type that could be integrated into a single chip, in many cases it is more cost-effective to continue to use discrete products combined with standard processors or memory devices rather than designing a custom chip. Second, even when application specific or other new ICs are designed, the complexity of the design process and demanding time-to-market pressures means these designs are rarely perfect, and discrete devices continue to be used to fix these imperfections. Finally, there are a number of applications, such as high-speed networking devices, that require high power/high performance discrete interface functions that cannot be efficiently integrated into a single chip. Interface functions are provided by standard logic products that provide simple digital logic functions (in which electronic signals are treated as either "one" or "zero") and standard analog products that amplify or otherwise modify non-digital signals.

DISCRETE, STANDARD ANALOG AND STANDARD LOGIC PRODUCTS. Although the Company's products provide power control, protection and interface functions, industry classifications are typically based on the product family on which specific semiconductors are based. Our market includes discrete,

standard analog and standard logic semiconductors. The following table sets forth total industry revenues for the product families in which we participate:

WORLDWIDE TAM SEMICONDUCTOR SALES (1)

	HISTORICAL							PROJECTED
	1993	1994	1995	1996	1997	1998	CAGR (2)	1999
	(DOLLARS IN BILLIONS)							
Discrete (4)	$ 7.9	$ 9.5	$12.8	$11.9	$12.0	$10.8	6.3%	$11.2
Standard Analog (5)	2.1	2.6	3.5	3.2	3.7	3.6	11.3%	3.8
Standard Logic (6)	1.8	3.1	3.5	3.0	3.2	2.5	6.7%	2.6
Total	$11.8	$15.3	$19.7	$18.1	$18.9	$16.9	7.3%	$17.7

	PROJECTED			
	2000	2001	2002	CAGR (3)
	(DOLLARS IN BILLIONS)			
Discrete (4)	$12.0	$13.1	$14.1	6.9%
Standard Analog (5)	4.5	5.2	6.0	11.8%
Standard Logic (6)	3.1	3.4	3.5	9.2%
Total	$19.5	$21.7	$23.6	8.8%

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(1) According to the WSTS. Due to rounding, some totals are not arithmetically correct sums of their component figures.

(2) Represents the compound annual growth rate from 1993 through 1998.

(3) Represents the projected compound annual growth rate from 1998 through 2002

(4) Includes the following specific WSTS product categories: all discrete semiconductors other than sensors, RF and microwave power transistors and optoelectronics.

(5) Includes the following specific WSTS product categories: amplifiers, voltage regulators and references and comparators only.

(6) Includes the following specific WSTS product categories: general purpose logic and MOS general purpose logic only.

GENERAL

We are the largest independent supplier of semiconductor components in the world. Our TAM, consisting generally of discrete, standard analog and standard logic semiconductors, comprised approximately $16.9 billion of revenues in 1998. Generically referred to as semiconductor "components," these devices are "building blocks" that provide the power control, power protection and interfacing necessary for almost all electronic systems, including computers, consumer electronics, communications equipment, automotive systems and industrial automation and control systems. With a portfolio of over 16,000 products, we offer our customers a single source of supply for virtually all their components needs, including the broadest selection of discrete semiconductor products in the industry and an extensive line of standard analog and standard logic products. Our products generally have long market life cycles, averaging 10 to 20 years, with some as long as 30 years. The long life of these products allows us to use our manufacturing assets for longer periods of time, leading to lower capital expenditures.

We sell our semiconductors directly to over 500 customers, including original equipment manufacturers ("OEMs") such as Alcatel, Ford, Hewlett Packard, Lucent, Motorola and Sony and Electronic Manufacturers Service Industry ("EMSI") companies such as Celestica, SCI and Solectron, and indirectly to tens of thousands of other customers through distributors. As a former division of Motorola, we have our roots in the very beginnings of the semiconductor industry and have participated in the industry for over 40 years. Headquartered in Phoenix, Arizona, we employ approximately 13,150 people worldwide, consisting of approximately 10,150 people employed directly and approximately 3,000 people employed through our joint ventures, most of whom are engaged in manufacturing services. We maintain 12 manufacturing facilities in Arizona, Mexico, Slovakia, the Czech Republic, Japan, the Philippines, Malaysia and China (directly or through our joint ventures). For the twelve months ended July 3, 1999, our pro forma product revenues and pro forma Adjusted EBITDA were $1,474.5 million and $308.1 million, respectively.

SCG RESTRUCTURING

In 1997, Motorola created SCG as a separate division within its Semiconductor Products Sector to concentrate on the manufacturing of discrete, standard analog and standard logic semiconductors. In 1998, Motorola initiated a company-wide restructuring with the goal of increasing the manufacturing efficiency of various operations within each of Motorola's business groups. In furtherance of this strategy, we are completing the SCG Restructuring, the program we commenced as a part of Motorola and our ongoing cost-saving initiatives. The SCG Restructuring includes (1) the rationalization of our product portfolio, (2) plant closures and the relocation or outsourcing of the related operations to take advantage of lower-cost labor markets, (3) headcount reductions and (4) the deployment of more efficient manufacturing processes. As a result of the SCG Restructuring, we expect to double our production capacity by the end of 2000, as compared to the beginning of 1998, while reducing the number of front-end manufacturing facilities we operate or rely upon from 29 to 15, reducing the number of back-end assembly facilities we operate or rely upon from 30 to 15 (all of which will be located in low-cost overseas jurisdictions) and reducing our product portfolio from 25,000 to 16,000 products (we currently supply approximately over 16,000 products). The SCG Restructuring is on schedule for completion by the end of 2000 and we expect these efforts to result in annual cost savings of approximately $210 million in 2000, as compared to our cost structure at the beginning of 1998. Motorola recorded a restructuring charge in the second quarter of 1998, of which $189.8 million was attributable to Motorola's portion of the SCG Restructuring, and we do not currently anticipate any significant additional one-time costs in connection with the

SCG Restructuring. We believe that our current cost structure is competitive within the semiconductor components industry and that upon completion of the SCG Restructuring we will be among the industry's lowest-cost manufacturers.

In connection with the SCG Restructuring, wafer fabrication, assembly and test facilities located in the Philippines and Arizona have been or will be closed, with the related operations outsourced or moved to other facilities in Malaysia, Mexico, the Czech Republic and Japan. Our total employment reductions, including those in connection with facility closures, will be approximately 3,900, of which approximately 3,000 have been completed as of July 3, 1999. Included in the employee reductions effected to date are approximately 1,200 employees in positions not directly involved in the manufacturing process, such as those in sales, marketing, quality assurance, customer service center, product engineering and research and development. Ongoing initiatives include plans to shrink dies and streets (in order to increase die output), negotiate price reductions with certain third-party manufacturers and reduce freight carrier costs. For more information concerning certain aspects of the SCG Restructuring, see Note 9 to the Audited Combined Financial Statements and Note 8 to the Unaudited Interim Combined Financial Statements included elsewhere in this prospectus.

Formerly a division of Motorola, we are now an independent company as a result of our August 4, 1999 recapitalization. Affiliates of Texas Pacific Group now own approximately 91% and Motorola now owns approximately 9% of the outstanding voting stock of SCG Holding Corporation ("SCG Holding") which, together with its subsidiaries (the "Company"), holds substantially all of the assets of SCG. Motorola has agreed to provide certain manufacturing and transition services following our recapitalization in order to facilitate our ability to operate on a stand-alone basis independent of Motorola, and we have agreed to provide certain manufacturing services to Motorola following our recapitalization. We believe that the duration and terms of these arrangements are sufficient to allow us to successfully implement the transition.

COMPANY STRENGTHS

As a pioneer in the industry, we have established strong, long-term relationships with numerous customers that are leaders in their respective markets. Our franchise is built on several specific strengths, including the following:

LEADING MARKET POSITION. We are the largest independent supplier of semiconductor components in the world, with a market share of approximately 8.7% in 1998 in our TAM. Our TAM, consisting generally of discrete, standard analog and standard logic semiconductors, comprised approximately $16.9 billion of revenues in 1998. We believe that the combination of our broad product portfolio, high level of customer service and technological expertise has enabled us to attract and maintain long-term customer relationships with leading OEMs, EMSI companies and distributors.

EXTENSIVE PRODUCT PORTFOLIO. We offer our customers the largest selection in the industry of discrete semiconductors and an extensive portfolio of standard analog and standard logic products, which are necessary to complete almost every electronic system design (including those for computers, consumer electronics, communications equipment, automotive systems and industrial automation and control systems). Our portfolio of products is among the most stable within the semiconductor industry, as a result of its breadth, our long product market life cycles and the substantial diversity of our customers and end-market users. We believe that our ability to offer a broad range of products provides our customers single-source purchasing on a cost-effective and timely basis, which has become increasingly important as our customers seek to reduce the number of suppliers with whom they conduct business.

BROAD AND DIVERSE CUSTOMER BASE. We have a broad and diverse customer base that includes OEMs, such as Alcatel, Ford, Hewlett Packard, Lucent, Motorola and Sony, companies in the increasingly important EMSI sector, such as Celestica, SCI and Solectron, and worldwide distributors. Overall, we serve more than 500 direct customers, and our products are ultimately purchased by tens of thousands of end users in a variety of markets. No one customer accounted for more than 10% of our revenues in 1997 or 1998. We are less dependent on either specific customers or specific end-use applications than most manufacturers of more specialized and complex integrated circuits. We have long-standing relationships with most of our significant customers, having served 47 of our 50 largest customers for more than ten years.

LOW-COST PRODUCTION. We believe that our current cost structure is competitive within the semiconductor components industry and that as a result of the SCG Restructuring we will be among the industry's lowest-cost manufacturers. The SCG Restructuring is scheduled for completion by the end of 2000 and the Company expects these efforts to result in annual cost savings of approximately $210 million in 2000, as compared to its cost structure at the beginning of 1998. In addition, we expect the SCG Restructuring to allow us to double our production capacity by the end of 2000, as compared to the beginning of 1998, while substantially reducing the number of facilities we operate or on which we rely.

SUPERIOR CUSTOMER SERVICE. High quality customer service is an essential element of our business. Our focused, dedicated and experienced sales and marketing organization consists of approximately 300 professionals with an average length of service in excess of 10 years. We meet our customers' demands for reliable delivery and quick responses to inquiries through efficient communication and inventory management, such as electronic data interchange functions for order and payment processing, just-in-time delivery facilities and internet-based communications. As a result of our success in meeting the challenging demands of our diverse customer base, we have received to date in 1999 a number of supplier-of-the-year awards from customers in the United States, Europe and Japan, including Celestica, Dovatron, Fuji-Xerox, IBM-Japan, Logitech, Motorola, Natsteel and Solectron.

EXPERIENCED MANAGEMENT TEAM. We have assembled a strong and experienced management team at both the administrative and the operating levels. Our management team is led by Steve Hanson, who has been with Motorola's semiconductor businesses since 1971. The top 14 members of our management team, who have presided over the SCG Restructuring, have been with Motorola for an average of more than 20 years. The Company has recently implemented a stock option plan to provide certain key employees with the opportunity to purchase common stock of SCG Holding. Approximately 7.8% (on a fully diluted basis) of our common stock has been reserved for issuance under the plan. See "Management--1999 Founders Stock Option Plan."

BUSINESS STRATEGY

Our objective is to build on our position as the largest independent supplier of discrete, standard analog and standard logic semiconductor components in our TAM. As a stand-alone company dedicated to the semiconductor components business, we intend to pursue this goal by following several key strategies:

INCREASE CUSTOMER FOCUS. We are uniquely positioned, as the largest independent supplier of semiconductor components, to increase our sales and market share by focusing on the needs of our customers through the following initiatives:

- Leverage the dedicated sales force selected from among the SPS sales force, which concentrate exclusively on our products and customers. Previously, our products were included among the many products sold by the SPS sales force.

- Maintain and refine our broad portfolio of products so that we can capitalize on industry trends and continue to offer our customers a single source of supply for virtually all their component needs.

- Continue to develop and implement just-in-time delivery and leading edge customer support services, such as a full range of internet services that provide device specifications and order entry.

IMPROVE MANUFACTURING EFFICIENCY. We intend to build on the SCG Restructuring by continuing to lower our production costs and by increasing our manufacturing efficiency through the following strategies:

- Continue to shift our front-end wafer fabrication facilities and certain back-end assembly operations to lower-cost international locations.

- Consolidate related front-end and back-end operations to promote inventory, logistics and cycle-time efficiencies and to allow for longer production runs and reduced change-over time.

- Significantly increase die output in a cost-effective manner by continuing to move production from 4" to 6" wafers and increasing the number of die per square inch, which will allow our factory lines to produce substantially more die.

- Continue to manage aggressively our existing portfolio of products in order to focus our production on profitable product lines while continuing to meet our customers' needs for a broad selection of component products.

PROMOTE EFFICIENT NEW PRODUCT DEVELOPMENT. In 1998, we introduced over 300 new products, and products introduced from 1996 through 1998 accounted for approximately 13% of our 1998 pro forma product revenues. We will continue to enhance our current portfolio of products through the following strategies:

- Reduce the number of separate research and development projects we pursue in order to make our product development efforts more efficient.

- Reduce the number of new product platforms and process flows, which will allow us to introduce new products in a more cost-effective manner and streamline manufacturing efficiency.

- Concentrate on the development of discrete power and high-margin analog semiconductors, which are the two fastest growing product families within our TAM.

CAPITALIZE ON OUR STATUS AS AN INDEPENDENT COMPANY. We believe that as an independent company we will be a stronger, more cost efficient and more focused competitor, and we intend to capitalize on the following strengths:

- Our dedicated sales force and marketing organization is now focused solely on the semiconductor components market and compensated based on the sales of our products.

- Our overhead costs are under the direct control of our management and will no longer be allocated on the basis of services provided by other Motorola divisions.

- Our transition to an independent company is being facilitated by interim arrangements under which Motorola is providing us certain services for limited periods of time.

CUSTOMERS AND APPLICATIONS

We have a broad and diverse customer base that includes OEMs, companies in the increasingly important EMSI sector and international distributors. Overall, we serve more than 500 direct

customers, and our products are ultimately purchased by tens of thousands of end users for use in a variety of end-use markets in the consumer, industrial, networking, wireless and transportation industries. As a result, we are less dependent on either specific customers or specific end-use applications than most manufacturers of more specialized and complex ICs.

ORIGINAL EQUIPMENT MANUFACTURERS. Direct sales to OEMs accounted for approximately 55% of our pro forma product revenues in 1998. Total industry sales to OEMs accounted for 53.7% of our TAM in 1998. Our OEMs include automotive manufacturers (including DaimlerChrysler, Ford and General Motors) and a variety of companies in the electronics industry (including Alcatel, Hewlett Packard, Lucent, Motorola, Nortel, Philips, Siemens and Sony). Motorola has historically constituted our largest customer, accounting for approximately 7% of our pro forma product revenues in 1998. We intend to focus on four types of OEMs: multi-nationals, selected regional accounts, target market customers and house accounts. The large multi-nationals and selected regional accounts (OEMs that are significant in specific markets) will be the core for meeting and increasing our OEM volume. The target market customers are OEMs that are on the leading-edge of specific technologies and provide direction for technology and new product development. House accounts are mid-sized or small OEMs whom we believe, either because of long-term relationships or the specific nature of their product needs, we can continue to serve directly in a cost-efficient manner. We expect overall sales to OEMs to decline as a percentage of sales as OEMs increasingly purchase component products through distributors or outsource their manufacturing to EMSI companies.

DISTRIBUTORS. Sales to distributors accounted for 37% of our pro forma product revenues in 1998. Total industry sales to distributors accounted for 24.6% of our TAM in 1998. Our distributors resell to mid-sized and smaller OEMs, EMSI and other companies, and we expect larger OEMs to become an increasingly important category of distributor end users. Product sales to our three largest distributors accounted in the aggregate for approximately 20% of our pro forma product revenues in 1998.

ELECTRONIC MANUFACTURERS SERVICE INDUSTRY. Direct sales to EMSI companies accounted for 8% of our pro forma product revenues in 1998. Total industry sales to EMSI companies accounted for 21.7% of our TAM in 1998. Our largest EMSI customers are Celestica, Delta Electronics, Nanco Electronics, Solectron, SCI and EMSI companies are manufacturers who typically provide contract manufacturing services for OEMs. Originally, these companies were involved primarily in the assembly of printed circuit boards, but they now typically provide design, supply management and manufacturing solutions. Many OEMs now outsource a large part of their manufacturing to EMSI companies in order to focus on their core competencies. We are pursuing a number of strategies to service this increasingly important marketplace, including the use of the internet not only for order and payment processing but also to promote more immediate communication among our sales and support staff and EMSI customers.

The following table sets forth our principal end-user markets, the percentage of our pro forma product revenues generated from each end-user market during 1998, certain applications for our products and certain representative OEM customers.

END MARKETS

	NETWORKING AND COMPUTING	INDUSTRIAL	TRANSPORTATION	WIRELESS	CONSUMER
APPROXIMATE PERCENTAGE OF THE COMPANY'S 1998 PRO FORMA PRODUCT REVENUES:	25%	25%	25%	13%	12%
SAMPLE APPLICATION:	- ATM machines - Automatic test equipment used to test semiconductors and high-speed logic boards - Cable modems - Cellular base stations and infrastructure - Computer monitors - Disk drives - Ethernet cards and other network controllers - High speed modems (ADSL & ISDN) - PBX telephone systems - PC Motherboards - Telephone sets (corded and cordless)	- Surge protectors - Industrial automation and control systems - Lamp Ballasts (power systems for fluorescent lights) - Large household appliances - Electric motor controllers - Power supplies for manufacturing equipment - Thermostats for industrial and consumer applications	- 4 wheel drive controllers - Airbags - Antilock braking systems - Automatic door locks and windows - Automatic transmissions - Automotive entertainment systems - Engine management and ignition systems - Fuel injection systems	- Cellular phones (analog and digital) - Pagers - Wireless modems and wireless local area networks	- Cable decoders, set-top boxes and satellite receivers - Home security systems - Photocopiers - Scanners - Small household appliances - Smartcards - TVs, VCRs, DVDs and other audio- visual equipment
REPRESENTATIVE OEM CUSTOMERS:	ACER Alcatel Ericsson Fujitsu Intel Italtel Lucent Motorola NEC Nortel Siemens Tektronix Teradyne	Aztec Delta Eaton Emerson Electronic Honeywell HR Electronics Magnatek Reltec Timex	BMW Bosch Daimler Chrysler Ford General Motors TRW Valeo	Alcatel Ericsson Motorola NEC Nokia Philips Samsung	Hewlett Packard Philips Seagate Sony Toshiba

PRODUCTS AND TECHNOLOGY

We offer our customers the largest selection of discrete semiconductors and an extensive portfolio of standard analog and standard logic products, which are necessary to complete almost any electronic system design (including those for computers, consumer electronics, communications equipment, automotive systems and industrial automation and control systems). Our portfolio of products is among the most stable within the semiconductor industry as a result of its breadth, our long product market life cycles and the substantial diversity of our customers and end-market users. We believe that our ability to offer a broad range of products provides our customers single-source purchasing on a cost-effective and timely basis, which has become increasingly important as our customers seek to reduce the number of suppliers with whom they conduct business.

Within each of these product lines, we manufacture newer products that possess advanced performance characteristics as well as more mature products. Typical market life cycles for our products are generally as follows: between 20 and 30 years for Bipolar discrete products, between five and 15 years for MOS gated discrete products, between 20 and 30 years for standard analog and between 20 and 25 years for standard logic products (although certain high-performance products, such as emitter-coupled logic products ("ECL"), have shorter lifespans). Because of the long market life cycles of our products, we continue to generate significant revenues from mature products. Since it takes new products an average of three to five years to reach full market acceptance, the Company continues to invest in new products to generate future revenue growth, primarily for MOS gated discrete products and analog products.

The following table provides information regarding our three primary product lines:

	DISCRETE	STANDARD ANALOG	STANDARD LOGIC
APPROXIMATE 1998 PRO FORMA PRODUCT REVENUES.....	$847 million	$282 million	$345 million
APPROXIMATE PERCENTAGE OF 1998 PRO FORMA PRODUCT REVENUES.....	58%	19%	23%
MARKET SHARE IN 1998.....	7.8%	7.8%	13.8%
APPROXIMATE NUMBER OF DISTINCT PRODUCTS SOLD BY THE COMPANY.....	9,000	2,000	6,000
PRIMARY PRODUCT FUNCTION.....	Power control and power protection functions in a broad range of products.	Power control and interfacing functions in portable and high- power applications.	Interfacing functions, such as interconnecting and routing (moving) electronic signals within electronic systems.
SAMPLE APPLICATIONS.....	Power management for computers, televisions, audio equipment, fluorescent lights, monitors and automotive control systems.	Intelligent power management and battery protection in portable applications such as pagers and portable computers.	Fast routing of signals used in telecommunications and high- end workstations.
TYPES OF PRODUCT.....	Bipolar and MOS gated power transistors, small signal transistors, zeners, thyristors, rectifiers.	Amplifiers, voltage references and regulators, comparators.	Bipolar and MOS general purpose logic.
REPRESENTATIVE OEM CUSTOMERS.....	Ford Lucent Motorola Philips Seagate Siemens Valeo	Alcatel Intel Motorola Nokia Philips Siemens Sony Toshiba	Ericsson Fujitsu Hewlett Packard Lucent Motorola NCR NorTel Tektronix Teradyne

DISCRETE PRODUCTS (1998 PRO FORMA PRODUCT REVENUES OF $847 MILLION). We are a leading supplier in the discrete semiconductor market. We produce almost all discrete semiconductors other than sensors, RF and microwave power transistors and optoelectronics. Discrete semiconductors are individual diodes or transistors that perform basic signal conditioning and switching functions in electronic circuits and are used primarily for power control and power protection. Because of the importance of power control and power protection within electronic circuits, discrete products are found in nearly every electronic product, including computers, cellular phones, mass storage devices, televisions, radios, VCRs, DVDs and pagers. Discrete devices are fabricated using two primary process technologies: MOS and Bipolar.

MOS GATED DISCRETE PRODUCTS. MOS technologies allow for denser, more efficient and more rugged chips and are the prevalent technology for most modern power control functions. We produce TMOS (t-structure MOS) and IGBT (integrated gate bipolar transistors) MOS gated discrete products. TMOS devices are used to convert, switch, shape or condition electricity. We offer a wide range of TMOS power MOSFETs designed for low-end and medium voltage applications over a wide range of performance characteristics, power handling capabilities and package options. We also have a line of high voltage TMOS devices designed for high voltage applications such as power factor correction in switch-mode power supplies. IGBT devices utilize unique processing methods to create a rugged high-voltage characteristics and are used primarily for electric motor controls, lamp ballasts (such as fluorescent light power modules) and ignition modules for automotive engines.

Because of the trend towards smaller and lighter electronic products, longer battery lives, batteries with built-in smart function and the overall trend towards energy conservation, MOS gated discrete products have shown significant growth in recent years and we expect this trend to continue.

BIPOLAR DISCRETE PRODUCTS. Bipolar discrete products continue to be used for power protection functions because of their ability to limit and control current and/or voltage surges that would damage the more sensitive MOS circuits. We manufacture and sell a wide range of bipolar discrete products. Although these products are relatively mature, they are being rejuvenated as a result of packaging miniaturization technologies.

STANDARD ANALOG PRODUCTS (1998 PRO FORMA PRODUCT REVENUES OF $282 MILLION). We are a leading independent supplier in the standard analog market. Standard analog devices are simple analog semiconductors (as opposed to more complex products, such as mixed-signal devices or customized analog products) that are used for both interface and power control and protection functions in electronic systems, such as cellular phones, handheld devices, personal computers and laptops. We are focusing our product development efforts on the miniaturization of our standard analog products through packaging technologies and on developing new amplifiers and comparators that operate at 3 volts and lower. We also recently introduced the industry's first 1 volt operational amplifiers in 1998. We produce standard analog products including amplifiers, voltage regulators and references and comparators using three primary process technologies: CMOS, Bipolar and BiCMOS.

CMOS. CMOS technology allows for a denser chip that consumes less power than Bipolar technology, and has therefore become the prevalent technology for low-voltage power, battery and thermal management in portable products such as cellular phones, pagers and laptops. We manufacture a wide variety of Analog CMOS products, and are focusing new product development on power converters.

BIPOLAR. Because of their long life spans, many operational amplifiers and voltage regulators continue to be designed using bipolar processes. These devices are used in a wide variety of electronic products ranging from computers to industrial automation and control systems.

BICMOS. BiCMOS products are designed for very high-power management applications such as the management of alternating current supplies and switch-mode power supplies that can be used to replace traditional transformers. Applications include portable external drives that plug directly into alternating current outlets and power supply units for fluorescent lights. BiCMOS analog products are also used for the distribution and control of power within battery operated systems. For example, cellular phones use these circuits to switch from standby mode to full power as needed, and battery chargers use these circuits to regulate the amount of charging power delivered to the battery and to protect the battery from overcharging.

STANDARD LOGIC PRODUCTS (1998 PRO FORMA PRODUCT REVENUES OF $345 MILLION). We are a leading independent supplier in the standard logic semiconductor market. Standard logic devices are simple logic semiconductors (as opposed to more complex products, such as microprocessors or application-specific ICs) that are used primarily for interfacing functions, such as interconnecting and routing electronic signals within an electronic system. These products are used in a variety of electronic systems, ranging from personal computer systems and consumer applications to specialized products, such as routers and other telecommunications applications, that require high-speed data movement solutions. We produce general purpose standard logic products using two primary process technologies: CMOS and Bipolar.

CMOS. As with standard analog products, CMOS technology allows for a denser chip that consumes less power than Bipolar technology, and has therefore become the prevalent technology for low power consumption devices used in personal computer systems and portable consumer applications. CMOS logic, in particular 3 volt products, is a growth area in the standard logic market. We have entered into an alliance with Fairchild and Toshiba to ensure that all new standard logic families have the same specifications to promote product standardization.

BIPOLAR. Bipolar devices typically operate at high speeds, require more power and are more expensive than CMOS devices. Bipolar logic products remain an important technology for high speed, high power applications, and continue to be used in other applications that do not require CMOS solutions. ECL bipolar devices are our high performance logic product. Targeted applications include high-speed data communications and high-speed testers used in the communication, high-end workstation and automatic test equipment market. Because of these performance requirements, ECL products have shorter life-spans than other components we produce and we continue to develop and introduce new products on a regular basis. For example, this year we introduced the world's fastest logic family operating at 2.5 volts. According to Insight-Onsite, our market share for ECL products in 1998 was approximately 90%. We expect ECL products to remain one of our single most important product families over the next several years.

SALES, MARKETING AND DISTRIBUTION

In 1998, OEMs, distributors and EMSI companies accounted for 55.1%, 37.1% and 7.8% of our pro forma product revenues, respectively. The Company operates regional sales and marketing organizations in Europe, headquartered in the United Kingdom, the Americas, headquartered in Phoenix, Arizona, and the Asia/Pacific region, headquartered in Hong Kong. Each of these regional sales and marketing organizations is supported by logistics organizations that manage regional warehouses. These warehouses will be operated either directly to the customer or indirectly to the customer via the logistics warehouses. In addition, we maintain dedicated just-in-time warehouses for the benefit of our large OEM customers.

Motorola has agreed to continue to provide worldwide shipping and freight services to the Company for a period of up to three years following our recapitalization using the cost allocation it used previously, which is based on the percentage of sales made by the Company compared to the sales made by Motorola. Because our products are sold in higher volumes than other Motorola products for comparable sales, this allocation may result in better prices than we could obtain from third parties. However, the Company believes we would be able to replace these services on comparable terms at the expiration of this agreement because of increased efficiencies resulting from a shipping and freight organization dedicated to our products and ongoing factory consolidations.

Our sales and marketing organization consists of approximately 300 professionals selected from among the SPS sales force operating out of 39 offices in 22 countries and serving customers in approximately 37 countries. Formerly, a single sales and marketing organization sold both component products and other higher-end Motorola semiconductors. Our dedicated and experienced sales and marketing organization will be grouped according to sales channel and customer type to provide a high degree of customer contact and to meet the different needs of both regional and international OEMs, EMSI companies and distributors. The average length of service with the Company within our sales and marketing organization is in excess of 10 years.

MANUFACTURING

The manufacturing of a semiconductor device is a complex process that requires two primary stages: wafer fabrication and assembly/test. The wafer fabrication, or "front-end" process, is the more technologically demanding process in which the circuit patterns of the semiconductor are photolithographically etched on to raw silicon wafers. In the assembly/test, or "back-end" process, these wafers are cut into individual "die", which are then bonded to a substrate, have connectors attached to them and are encapsulated in a package. In the final step, the finished products are tested to ensure they meet their operating specifications.

We operate twelve manufacturing facilities either directly or through joint ventures. Six of these are front-end wafer facilities located in the United States, Malaysia, Mexico, Japan, the Czech Republic and Slovakia and six are back-end assembly and test facilities in Malaysia, Mexico, the Philippines, the Czech Republic and China. See "--Joint Ventures." We are also in the process of closing down three additional front-end facilities in Arizona, a process we expect to complete by the end of 1999. In addition to these manufacturing and assembly operations, our Terosil facility in Roznov, the Czech Republic, manufactures raw wafers that are used by a number of our facilities. We also use third-party contract manufacturers other than joint ventures. For the six-month period ended July 3, 1999, expenses related to facilities directly owned and operated by us, joint ventures and third-party contractors accounted for 72%, 7% and 21%, respectively, of our total costs of goods sold. Our agreements with these contract manufacturers typically require us to forecast product needs and commit to purchase services consistent with these forecasts, and in some cases require longer-term commitments in the early stages of the relationship.

Our manufacturing strategy is three-fold. First, we are continuing to reduce the number of front-end and back-end facilities through plant closures and the relocation or outsourcing of the related operations, including consolidating both steps into nearby low-cost facilities where possible, to promote inventory, logistics and cycle-time efficiencies. We currently operate or rely upon 29 active front-end facilities (including joint ventures and contract manufacturers). We plan to consolidate our front-end manufacturing into 15 facilities. Five of these facilities will be our facilities, two of these facilities will be operated by our joint ventures and eight of these facilities will be operated by third-party contract manufacturers. We currently have 30 active back-end assembly facilities (including joint ventures and contract manufacturers) but plan to consolidate these activities into 15 facilities. Four of these facilities will be our facilities, three of these facilities will be operated by our joint

ventures and eight of these facilities will be operated by third-party contract manufacturers. We expect these consolidations to be complete by the end of 2000.

Second, we will significantly increase die output in a cost-effective manner by continuing to move production from 4" to 6" wafers and increasing the number of die per square inch, which will allow our factory lines to produce substantially more die. We expect that by the end of 2000, approximately 50% of our manufacturing will have been converted to 6" wafers.

Third, in order to reduce research and development costs and streamline manufacturing effectiveness, we are in the process of amending our product development criteria to reduce the number of new product platforms from 17 to 12 and to reduce the number of process flows from 50 to 30. Platforms are major wafer processes used for the manufacturing of a variety of products and process flows are variations on these major processes. These reductions are underway and expected to be ongoing.

As a result of the SCG Restructuring, we expect to double our production capacity by the end of 2000, as compared to the beginning of 1998, while substantially reducing the number of facilities we operate.

The Company and Motorola have agreed to continue to provide certain manufacturing services to each other for limited periods of time following our recapitalization. Prices for the services covered by these agreements were negotiated between the Company and Motorola to approximate each party's cost of providing the services and are fixed throughout the term of the agreements. Each party has committed to certain minimum purchases under these agreements. Subject to our right to cancel upon six months' written notice, we have minimum commitments to purchase manufacturing services from Motorola of approximately $29.5 million, $88 million, $51 million, $41 million and $40 million in the last three months of 1999, and in fiscal years 2000, 2001, 2002 and 2003, respectively. Based on our current budget, we anticipate that we will actually purchase manufacturing services from Motorola of approximately $150 million in 2000. Subject to its right to cancel upon six months' written notice, Motorola has minimum commitments to purchase manufacturing services from us of approximately $24.9 million, $66 million and $26 million in the last three months of 1999, and in fiscal years 2000 and 2001, respectively, and has no purchase obligations thereafter. We anticipate that Motorola will actually purchase manufacturing services from us of approximately $100 million in 2000. The purchaser of the services has the right to cancel these arrangements upon six months' written notice. Prior to the termination of these arrangements, the Company has plans to relocate the operations provided by Motorola to its own facilities, to its joint ventures or to third-party manufacturers or, in certain limited circumstances, to terminate the product line.

In July 1998, SCG achieved certification in a universally accepted quality system known as QS9000. This system, mandated by all U.S. automotive customers as a condition of doing business beginning in 2000, provides structure and discipline to ensure smooth and effective operations. The QS9000 certification process is more stringent than the ISO9000 certification process, and QS9000 certification automatically affords us ISO9000 qualification. Promptly following our recapitalization, we received QS9000 (3d edition standards) certification as a stand-alone entity.

The table below sets forth certain information with respect to the manufacturing facilities (excluding the three facilities that are expected to be closed before the end of 1999) we operate either directly or through our joint ventures, and the products produced at these facilities.

MANUFACTURING FACILITIES

LOCATION	PRODUCTS
FRONT-END FACILITIES:	
Phoenix, Arizona	Discrete products: zeners, rectifiers.
Seremban, Malaysia (ISMF)	Discrete products: small signal products
Guadalajara, Mexico	Discrete products: thyristors, rectifiers
Aizu, Japan	Discrete products: TMOS Standard logic products Standard analog products
Roznov, Czech Republic (Tesla joint venture)	Standard analog products: operational amplifiers, regulators
Piestany, Slovakia	Standard logic products: metal gate
BACK-END FACILITIES:	
Seremban, Malaysia (Philips joint venture)	Discrete products: small signal products, zeners
Guadalajara, Mexico	Standard analog products: operational amplifiers, regulators
Carmona, Philippines	Standard logic products Standard analog products
Roznov, Czech Republic (Tesla joint venture)	Standard analog products: operational amplifiers, regulators
Leshan, China (Leshan joint venture)	Discrete products: small signal products, power, rectifiers
Seremban, Malaysia	Discrete products: small signal products
OTHER:	
Roznov, Czech Republic (Terosil joint venture)	Raw wafer fabrication

Our manufacturing processes use many raw materials, including silicon wafers, copper lead frames, mold compound, ceramic packages and various chemicals and gases. We have no agreements with any of our suppliers that impose minimum or continuing supply obligations and we obtain our raw materials and supplies from a large number of sources on a just-in-time basis. From time to time, suppliers may extend lead times, limit supplies or increase prices due to capacity constraints or other factors. Although we believe that supplies of the raw materials used by us are currently available, shortages could occur in various essential materials due to interruption of supply or increased demand in the industry. Prior to our recapitalization, most of the Company's supplies were purchased jointly with Motorola. We have entered into an agreement with Motorola to provide for the transition of the Company's supply management functions to a stand-alone basis for certain periods of time.

JOINT VENTURES

A substantial portion of our manufacturing activity is conducted through our joint ventures in the Czech Republic, China and Malaysia. In 1998, joint ventures represented $53.6 million of SCG's total costs of goods sold.

In the Czech Republic, we operate two joint ventures, Tesla and Terosil. These joint ventures are publicly traded Czech companies in which we have equity interests. As of July 3, 1999, we owned 49.9% of each of Tesla and Terosil, respectively. The remaining shares were publicly traded in the Czech Republic. In addition, Tesla and Terosil have cross-ownership interests in each other resulting in our beneficially owning 58.4% and 62.5% of Tesla and Terosil, respectively, as of July 3, 1999. The Tesla joint venture operates a front-end manufacturing facility and a back-end assembly facility. The Terosil joint venture manufactures raw wafers that are used by a number of our facilities. We have committed to purchase a percentage of the total output equal to 50% for the Tesla joint venture and have fixed minimum commitments for the Terosil joint venture. In 1998, the Company actually purchased a percentage of the total output equal to 100% for Tesla and 80% of the sales of

Terosil, which amount exceeds the minimum commitments. These commitments expire in February 2004.

In Leshan, China, we operate one joint venture, Leshan. This entity is structured as a joint venture with the Leshan Radio Company Ltd. ("Leshan Radio"). As of July 3, 1999, SCG beneficially owned 56% of Leshan, and the remainder was owned by Leshan Radio. Leshan operates a back-end manufacturing facility. We have committed to purchase a percentage of the total output equal to 55% of the Leshan joint venture, and in 1998 actually purchased 90% of the total sales of Leshan. Sales percentages are generally equal to output percentages. The Leshan joint venture expires in 2045. We anticipate amending the terms of the joint venture agreement to provide for changes to accommodate the transfer of the majority interest to us and the continued involvement of Motorola for an interim period. Pending approval of this amendment, Motorola will hold its economic interest in Leshan for our benefit.

In Seremban, Malaysia, we have a 50% investment in Surface Mount Products Malaysia Sdn. Bhd. ("SMP"), a joint venture with Philips Semiconductors International B.V. ("Philips"). SMP operates a back-end assembly facility. We have committed to purchase a percentage of the total output equal to 50% of the SMP joint venture, and in 1998, under a negotiated arrangement, actually purchased 40% of the total sales of SMP. Sales percentages are generally equal to output percentages. We are in the process of amending the terms of the joint venture agreement with Philips to provide for the transfer of Motorola's interest in SMP to the Company and to provide us with the right to sell our interest to Philips, and Philips with the right to purchase our interest, between January 2001 and July 2002.

Our ability to control these entities is subject to contractual, regulatory or other restrictions. For this reason, and because these entities were financed from equity contributions from joint venture partners and third-party non-recourse borrowings, Motorola did not historically treat these joint ventures as consolidated subsidiaries. In connection with our recapitalization, we refinanced the borrowings of Tesla, Terosil and Leshan with intercompany loans from us and, consequently, we now treat Tesla, Terosil and Leshan as our consolidated subsidiaries but will continue to treat SMP as an unconsolidated subsidiary. Although the Company generally exercises control over financing activities of the joint ventures, the Company will be obligated in certain circumstances to provide additional funding in the form of equity investments, loans or the guarantee of the joint ventures' indebtedness.

In addition, our wholly-owned subsidiary in Slovakia was previously treated as a non-consolidated entity because it was anticipated that this entity would be structured in a manner similar to our Tesla and Terosil joint ventures. We currently do not intend to sell any portion of our interest in the Slovakia entity and therefore now treat the Slovakia entity as a consolidated subsidiary.

RESEARCH AND DEVELOPMENT

The Company's expenditures for research and development in 1996, 1997 and 1998 were $71.7 million, $65.7 million and $67.5 million, respectively. Such expenditures represented 4.1%, 3.6% and 4.5% of trade sales in 1996, 1997 and 1998, respectively. Of these amounts, $36.9 million, $31.1 million and $34.4 million, respectively, was spent directly by the Company, and the remainder related to Motorola expenses that were allocated to the Company.

Our research and development efforts are focused on new product development and improvements in process technology in our growth areas: analog, MOS gated discretes and high performance digital logic. In the analog arena, we are focusing our development efforts on the miniaturization of our standard analog products through new packaging technologies and on developing new amplifiers and comparators that operate at 3 volts and lower. The target market for this research is

primarily portable electronic systems. In the MOS gated discrete products arena, we are focusing on TMOS products and automotive IGBTs. TMOS products are low-power switches that allow portable applications to maximize battery life by efficiently directing electricity only to the components that need it. Automotive IGBTs are switches that are used in electronic ignition systems. In the high-performance digital logic arena, we are focusing on the development of semiconductors that support high-speed digital communication systems, a market that is growing as a result of increasing internet traffic. These high-performance digital logic products are based on the same process platform as our traditional ECL logic products, which are primarily used in equipment that tests semiconductors and circuit boards. We expect new products, which include products introduced during the prior three years, to account for an increasing percentage of our revenues in the future.

In order to reduce research and development costs and streamline manufacturing effectiveness, we are in the process of amending our product development criteria to reduce the number of new product platforms from 17 to 12 and to reduce the number of process flows from 50 to 30.

New product development is located in Phoenix, Arizona, Toulouse, France, Hong Kong and Sendai, Japan. Process and product development is also conducted at our existing manufacturing facilities including at our pilot manufacturing line in Phoenix, Arizona. In addition to the research and development conducted by us, we rely on university research projects sponsored by us and partnerships with other semiconductor companies.

BACKLOG

Our trade sales are made primarily pursuant to standard purchase orders that are generally booked up to 26 weeks in advance of delivery. Generally, prices and quantities are fixed at the time of booking, while backlog as of a given date consists of existing orders and estimated orders based on customer forecasts, in each case scheduled to be shipped over the 13-week period following such date. Since mid-1997, backlog on average has represented between 80% and 90% of actual shipments. Backlog is influenced by several factors including market demand, pricing and customer order patterns in reaction to product lead times. Backlog on December 31, 1998 and July 3, 1999 was $321.4 million and $372.5 million, respectively.

The Company sells certain products to key customers pursuant to contracts. Contracts are typically annual fixed-price agreements (subject, in some cases, to quarterly negotiations) with customers setting forth the terms of purchase and sale of specific products. These contracts allow the Company to schedule production capacity in advance and allow customers to manage their inventory levels consistent with just-in-time principles while shortening the cycle times required to produce ordered product. However, these contracts are typically amended to reflect changes in prices and customer demands.

SEASONALITY

Generally, the Company is affected by the seasonal trends of the semiconductor and related industries. As a result of these trends, the Company typically experiences lower revenues in the first fiscal quarter, primarily due to customer demand adjustments as a result of holiday seasons around the world. Revenues usually has a seasonal peak in the third quarter. In 1998, the Company did not experience the typical seasonal peak in the third quarter primarily as a result of the Asian economic crisis.

COMPETITION

The semiconductor industry, particularly the market for general purpose semiconductor products like ours, is highly competitive. Although only a few companies compete with us in all of our

product lines, we face significant competition within each of our product lines from major international semiconductor companies as well as smaller companies focused on specific market niches. Many of these competitors have substantially greater financial and other resources than we have with which to pursue development, engineering, manufacturing, marketing and distribution of their products and are better able than we are to withstand adverse economic or market conditions. In addition, companies not currently in direct competition with us may introduce competing products in the future. Significant competitors in the discrete market include International Rectifier, Philips, Rohm, Siliconix, ST Microelectronics and Toshiba. Significant competitors in the standard analog markets include Analog Devices, Fairchild, Linear Technology, Maxim Integrated Products, National Semiconductor, ST Microelectronics and Texas Instruments. Significant competitors in the standard logic product market include Fairchild, Hitachi, Philips, Texas Instruments, and Toshiba. The semiconductor components industry has also been undergoing significant restructuring and consolidations that could adversely affect our competitiveness.

Because our components are often "building block" semiconductors that in some cases can be integrated into more complex ICs, we also face competition from manufacturers of ICs, application-specific ICs and fully customized ICs, as well as customers who develop their own integrated circuit products.

We compete in different product lines to various degrees on the basis of price, quality, technical performance, product features, product system compatibility, customized design, availability, delivery timing and reliability and sales and technical support. Gross margins in the industry vary by geographic region depending on local demand for the products in which semiconductors are used, such as personal computers, industrial and telecommunications equipment, consumer electronics and automotive goods. In regions where there is a strong demand for such products, price pressures may also emerge as competitors attempt to gain a greater market share by lowering prices. Our ability to compete successfully depends on elements both within and outside of our control, including industry general economic trends.

PATENTS, TRADEMARKS, COPYRIGHTS AND OTHER INTELLECTUAL PROPERTY RIGHTS

The Company owns rights to a number of patents, trademarks, copyrights, trade secrets, and other intellectual property directly related to and important to our business. Motorola has also granted rights and licenses to other patents, trademarks, copyrights, trade secrets, and other intellectual property necessary for the Company to manufacture, market, and sell our existing products and products contemplated in our long range plans. Our policy is to protect our products and processes by asserting our intellectual property rights where appropriate and prudent and by obtaining patents, copyrights, and other intellectual property rights used in connection with our business when practicable and appropriate.

Under an intellectual property agreement entered into by Motorola and the Company as part of our recapitalization, Motorola has assigned to us approximately 280 U.S. patents and patent applications, approximately 280 foreign patents and patent applications, rights to over 50 trademarks (not including the Motorola name) previously used in connection with our products, rights in know-how relating to at least 39 semiconductor fabrication processes and rights in certain copyrightable materials. In addition, Motorola has licensed to us on a non-exclusive, royalty-free basis other patent, trademark, copyright and know-how rights used in connection with our existing products and products contemplated in our long range plans. The Company has perpetual, royalty free, worldwide rights under Motorola's patent portfolio and other intellectual property, existing as of the date of our recapitalization or created in the ensuing five years (the five-year period existing only with respect to patents), as necessary to manufacture, market, and sell our existing and long range plan product lines. Additionally, Motorola has provided the Company a limited indemnity umbrella to protect the Company from certain infringement claims by third parties who have granted Motorola

licenses as of the date of our recapitalization, which will assist us in developing our own patent position and licensing program. We believe that we have the right to use all Motorola owned technology used in connection with the products we currently offer.

Certain of our products are currently the subject of a patent infringement lawsuit pending in United States District Court in Wilmington, Delaware that was commenced by Power Integrations against Motorola prior to our August 1999 recapitalization. For a discussion of this lawsuit as it relates to the Company, see "Business--Legal Proceedings."

We have commenced marketing our products under the ON Semiconductor-TM-name. For one year after our recapitalization, we will retain the limited ability to use the Motorola trade name in connection with the sale, distribution and advertisement of certain products we offer. If, however, the removal of the Motorola trade name from any of these products would require the product to be requalified by any of our customers, then we may continue to use the Motorola trade name, for up to two years after our recapitalization, to allow us to continue selling the product pending its requalification. In addition, for two years after our recapitalization, we have the ability to utilize the transition statement "formerly a division of Motorola" in connection with the sale, distribution and advertisement of certain products we offer. For the first of those two years, in the transition statement we may reproduce the term "Motorola" in the stylized font used by Motorola.

ENVIRONMENTAL MATTERS

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

Our manufacturing facility in Phoenix, Arizona is located on property that is listed on the National Priorities List under the Comprehensive Environmental Response, Compensation, and Liability Act. Motorola is actively involved in the cleanup of on-site solvent contaminated soil and groundwater and off-site contaminated groundwater pursuant to Consent Decrees with the State of Arizona. Motorola has retained responsibility for this contamination, and has agreed to indemnify us with respect to remediation costs and certain costs or other liabilities related to this matter.

The manufacturing facilities of the joint ventures in the Czech Republic and Slovakia have ongoing remediation projects to respond to releases of hazardous substances that occurred during the years that these facilities were operated by government-owned entities, prior to the formation of the joint ventures. In each case, these remediation projects consist primarily of monitoring groundwater wells located on-site and off-site with additional action plans developed to respond in the event certain activity levels are exceeded at each of the respective locations. The governments of the Czech Republic and Slovakia have agreed to indemnify, subject to certain limitations, the respective joint venture for remediation costs associated with this historical contamination. Based upon the information available, we do not believe that total future remediation costs to the Company will be material.

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

EMPLOYEES

We employ approximately 13,150 people worldwide, consisting of approximately 10,150 people employed directly and approximately 3,000 people employed through our joint ventures, most of whom are engaged in manufacturing services. We do not currently have any collective bargaining arrangements with our employees, except for those arrangements, such as works councils, that are obligatory for all employees or all employers in a particular industry under applicable foreign law. Of the total number of employees employed directly by us, approximately 9,000 were engaged in manufacturing and information services, over 400 were engaged in our sales and marketing organization and in customer service, 500 were engaged in administration and over 250 were engaged in research and development.

PROPERTIES

In the United States, the Company's corporate headquarters as well as certain manufacturing, research and development and warehouse operations are located in approximately 1,528,000 square feet of space in properties owned by the Company in Phoenix, Arizona. The Company also leases from Motorola approximately 100,000 square feet in Phoenix, Mesa, Tempe and Chandler, Arizona that is used for research and development, warehouse and office facilities. The Company has entered into lease and office sharing agreements with Motorola for approximately 80,000 square feet of space used for sales offices and warehouses in locations such as Huntsville, Alabama, Calabasas, Irvine, San Diego and Sunnyvale in California, Denver, Colorado, Wallingford Connecticut, Clearwater, Florida, Lawrenceville, Georgia, Schaumburg, Illinois, Carmel and Kokomo, Indiana, Woburn, Massachusetts, Columbia, Maryland, Northville, Michigan, Minnetonka, Minnesota, Raleigh, North Carolina, Fairfield, New Jersey, Fairport and Hauppauge in New York, Beaverton, Oregon, Colmar and Horsham in Pennsylvania, Houston and Plano in Texas, Bellevue, Washington, and Brookfield, Wisconsin. Lease terms for the sales offices are for one year from July 31, 1999, and the other leases range between one year and two years. The Company has plans to relocate the leased sales offices and other facilities before the end of the lease terms. Prices for the leases have been fixed throughout their terms at an amount intended to approximate the actual historical cost of the covered properties.

As part of our recapitalization, Motorola has conveyed to us the surface rights to a portion of the land located at our Phoenix facility, excluding the subsurface rights, and conveyed certain buildings located at the Phoenix facility. These buildings do not include any treatment facilities relating to Motorola's environmental clean-up operations at the Phoenix facility. We have executed a Declaration of Covenants, Easements and Restrictions with Motorola providing certain access easements for the parties and granting to us certain options to purchase or to lease the subsurface rights of the land.

The Company owns its manufacturing facilities in Japan, Malaysia, Mexico, the Philippines and Slovakia. These facilities are primarily manufacturing operations, but also include office facilities and warehouse space. The Company owns 770,000 square feet of manufacturing, warehouse and office space in Japan, Malaysia, the Philippines and Slovakia and owns a 254,000 square foot manufacturing and office complex in Guadalajara, Mexico.

In connection with our joint ventures, we also own manufacturing, warehouse and office space in Seremban, Malaysia, Leshan, China, Slovakia and the Czech Republic.

The Company has also entered into lease and office sharing agreements for approximately 67,000 square feet of space for research and development, warehouses, logistics centers and sales offices in locations including Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Korea, Malaysia, Philippines, Puerto Rico, Spain, Sweden, Switzerland, Taiwan, Thailand, and the United Kingdom. Most of these properties are currently leased from Motorola. Lease terms for the

sales offices are for one year from July 31, 1999, and the other leases range between one year and three years. The Company has plans to relocate the leased sales offices and other facilities before the end of their terms. Motorola will also lease space at our Phoenix facility and in the Czech Republic for a period of up to two years. In general, prices for these leases have been fixed throughout their term at an amount intended to approximate the actual historical cost of the covered properties.

We believe that our facilities around the world, whether owned or leased, are well-maintained. Our manufacturing facilities contain sufficient productive capacity to meet our needs for the foreseeable future.

LEGAL PROCEEDINGS

From time to time we are involved in legal proceedings arising in the ordinary course of business. We believe that none of these proceedings should have, individually or in the aggregate, a material adverse effect on our business or our prospects.

The Company manufactures and sells a family of high margin analog semiconductor products, a limited portion of which are the subject of a patent infringement lawsuit commenced by Power Integrations against Motorola prior to the Company's recapitalization in August 1999. The future development of these products is important to the Company's business strategy. The Power Integrations lawsuit is pending in United States District Court in Wilmington, Delaware. On October 15, 1999 the jury returned a verdict against Motorola awarding damages of $32.3 million, subject to trebling, prejudgment interest and attorneys' fees. Judgment on the jury's verdict has not been entered by the Court, and Motorola plans to file motions to set aside the verdict and, if necessary, to appeal. Although the Company is not a party to the suit, Power Integrations has filed a motion seeking a permanent injunction not only against Motorola but also against the Company. The Company believes that there are a number of defenses to the imposition of an injunction against it. During the pendency of quality enhancement efforts, the Company has not sold any of the products previously sold by Motorola and found to have infringed Power Integrations' patent in certain applications. Nonetheless, the Company does not agree with the infringement finding and has not abandoned the market served by these products. The Company believes that its exposure, if any, arising in connection with the Power Integrations lawsuit relates to the risk of an injunction and the imposition of damages in the event that infringing post-recapitalization sales should occur. We cannot assure you that the outcome of this matter will not have a material adverse effect on our business or prospects.

DIRECTORS AND EXECUTIVE ARRANGEMENTS

The following table sets forth certain information with respect to the persons who currently serve as members of the Board of Directors and executive officers of the Company. Each director of the Company will hold office until the next annual meeting of shareholders or until his successor has been elected and qualified.

NAME	AGE	COMPANY POSITION
Curtis J. Crawford...	52	Chairman of the Board of Directors
David Bonderman.....	56	Director
David M. Stanton.....	37	Director
Justin T. Chang.....	32	Director
Richard W. Boyce.....	43	Director
Steve Hanson.....	52	Director and President
Michael Rohleder.....	43	Senior Vice President and Director of Sales and Marketing
James Thorburn.....	43	Senior Vice President and Chief Operating Officer
William George.....	56	Senior Vice President and Chief Manufacturing and Technology Officer
Dario Sacomani.....	43	Senior Vice President and Chief Financial Officer
Collette T. Hunt.....	47	Vice President and General Manager of Bipolar Discrete Business Unit
Sandra Lowe.....	55	Vice President and General Manager of Logic Business Unit
James Stoeckmann.....	44	Vice President and Director of Human Resources
Alistair Banham.....	43	Vice President and General Manager, Europe, Middle East and Africa
Henry Leung.....	46	Vice President and General Manager, Asia
Ralph Quinsey.....	43	Vice President and General Manager of Analog Division
Leon Humble.....	61	Vice President and General Manager of MOS Gates Business Unit
Chandramohan Subramaniam.....	43	Vice President and Director of Internal Manufacturing

CURTIS J. CRAWFORD, DIRECTOR. Mr. Crawford was elected Chairman of the Board of Directors of the Company in September 1999. Since 1998, Mr. Crawford has served and continues to serve as President, Chief Executive Officer and Chairman of the Board of Directors of Zilog, Inc. From 1997 to 1998, Mr. Crawford was Group President of the Microelectronics Group and President of the Intellectual Property division of Lucent Technologies (a successor to certain AT&T businesses). From 1995 to 1997, he was President of the Microelectronics Group. From 1993 to 1995, Mr. Crawford was President of AT&T Microelectronics, a business unit of AT&T Corporation. From 1991 to 1993, he held the position of Vice President and Co-Chief Executive Officer of AT&T Microelectronics. From 1988 to 1991, he held the position of Vice President, Sales, Service and Support for AT&T Computer Systems. Prior thereto, he served in various sales, marketing and executive management positions at various divisions of IBM. Mr. Crawford currently serves as a member of the Board of Trustees of DePaul University and as a member of the Board of Directors of ITT Industries, Inc. and E.I. du Pont de Nemours.

DAVID BONDERMAN, DIRECTOR. Mr. Bonderman became a director of the Company in August 1999. Mr. Bonderman is a Managing Partner of Texas Pacific Group ("TPG"). Prior to forming TPG, Mr. Bonderman was chief operating officer and chief investment officer of Keystone Inc., a private investment firm, from 1983 to August 1992. Mr. Bonderman serves on the boards of directors of Continental Airlines, Inc., Bell & Howell Company, Beringer Wine Estates, Inc., Denbury Resources Inc., Oxford Health Plans, Inc., Washington Mutual, Inc., Ryanair, Ltd., J. Crew Group, Inc.,

Paradyne Networks, Realty Information Group and Ducati Motor Holdings S.p.A. Mr. Bonderman also serves in general partner advisory board roles for Newbridge Investment Partners, L.P., Newbridge Latin America, L.P. and Aqua International, L.P.

DAVID M. STANTON, DIRECTOR. Mr. Stanton became a director of the Company in August 1999. Mr. Stanton is currently the founding partner of Francisco Partners, an investment partnership specializing in private technology companies. From 1996 until August 12, 1999, Mr. Stanton was a partner of TPG, a limited partner in Communication Partners, L.P. During this time, he also served as Vice President of TPG Advisors, Inc. and as President of Communication Genpar, Inc., entities affiliated with Communication Partners, L.P. Prior to joining TPG, Mr. Stanton was a venture capitalist with Trinity Ventures, where he specialized in information technology, software and telecommunications investing. Mr. Stanton currently serves as a director of Denbury Resources Inc., GlobeSpan, Inc. and several private companies, including Paradyne Credit Corp., an affiliated entity of Paradyne.

JUSTIN T. CHANG, DIRECTOR. Mr. Chang became a director of the Company in August 1999. Mr. Chang is a partner of TPG, where he has been employed since 1993.

RICHARD W. BOYCE, DIRECTOR. Mr. Boyce became a director of the Company in September 1999. Mr. Boyce is President of CAF, Inc., a consulting firm that advises various companies controlled by TPG. Prior to founding CAF, Inc. in 1997, he served as Senior Vice President of Operations for Pepsi-Cola North America ("PCNA") from 1996 to 1997 and Chief Financial Officer of PCNA from 1994 to 1996. From 1992 to 1994, Mr. Boyce served as Senior Vice President-Strategic Planning for PepsiCo. Prior to joining PepsiCo, Mr. Boyce was a director at the management consulting firm of Bain & Company, where he was employed from 1980 to 1992. Mr. Boyce also serves on the Boards of Directors of J. Crew Group, Inc., Del Monte Foods Company and Del Monte Corporation.

STEVE HANSON, PRESIDENT AND DIRECTOR. Mr. Hanson served as the Senior Vice President and General Manager of SCG from June 1997 until he assumed this position in August 1999. Mr. Hanson has held several executive and management positions, including Corporate Vice President, since he joined Motorola in 1971.

MICHAEL ROHLEDER, SENIOR VICE PRESIDENT AND DIRECTOR OF SALES AND MARKETING. For two years prior to assuming this position in September 1999, Mr. Rohleder was President and Chief Executive Officer of Wyle Electronics, a member of the VEBA Electronics Group. Prior to his tenure at Wyle, Mr. Rohleder served as President of Insight Electronics, also a member of the VEBA electronics group, for a period of seven years.

JAMES THORBURN. SENIOR VICE PRESIDENT AND CHIEF OPERATING OFFICER. Prior to assuming his current position as Chief Operating Officer in August 1999, Mr. Thorburn was the Chief Financial Officer of Zilog, a position he had held since May 1998. Prior to his tenure at Zilog, Mr. Thorburn spent 17 years at National Semiconductor, most recently as Vice President of Operations Finance.

WILLIAM GEORGE, SENIOR VICE PRESIDENT AND CHIEF MANUFACTURING AND TECHNOLOGY OFFICER. For two years prior to assuming this position in August 1999. Mr. George has held several executive and management positions, including directing investment and operation strategy for Motorola's worldwide manufacturing operations, since he joined Motorola in 1968.

DARIO SACOMANI, SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER. Mr. Sacomani served as the Vice President and Director of Finance of SCG from July 1997 until he assumed this position in August 1999. Mr. Sacomani has held several executive and management positions, including Vice President and Financial Controller for the European Semiconductor Group of Motorola, since he joined Motorola in 1980.

COLLETTE T. HUNT, VICE PRESIDENT AND GENERAL MANAGER OF BIPOLAR DISCRETES. Ms. Hunt has held the position of Vice President of SPS since 1994 and the position of Director of Product Operations of SCG since 1998. Ms. Hunt has held various executive and managerial positions, including positions on the Board of Directors of Motorola's joint venture operations in Malaysia and China, since she joined Motorola in 1984.

SANDRA LOWE, VICE PRESIDENT AND GENERAL MANAGER OF LOGIC BUSINESS UNIT. Prior to assuming this position in August 1999, Ms. Lowe was the Director of Quality and Continuous Improvement of SCG since November 1997. Ms. Lowe has held several positions, including General Manager of the Motorola Test Equipment Business Unit in the Space Systems Technology Group, since she joined Motorola in 1993.

JAMES STOECKMANN, VICE PRESIDENT AND DIRECTOR OF HUMAN RESOURCES. Mr. Stoeckmann has been the Director of Human Resources of SCG since November 1998. Mr. Stoeckmann has held several positions, including Human Resources Director for SCG Worldwide Manufacturing, since he joined Motorola in 1984.

ALISTAIR BANHAM, VICE PRESIDENT AND GENERAL MANAGER, EUROPE, MIDDLE EAST AND AFRICA. Mr. Banham has been General Manager of SCG for Europe, the Middle East and Africa since April 1999. Mr. Banham has managed various foreign aspects of Motorola's semiconductor products business, including leadership of the European Motorola Segment Sales and Engineering Applications Team, since he joined Motorola in 1989.

HENRY LEUNG, VICE PRESIDENT AND GENERAL MANAGER, ASIA. Mr. Leung has been a SCG director in the Asia Pacific Region since 1994. Mr. Leung has held several positions, including Business Director of SCG (Discrete Products) for the Asia Pacific Region, since he joined Motorola in 1976.

RALPH QUINSEY, VICE PRESIDENT AND GENERAL MANAGER OF ANALOG DIVISION. From 1997 until he assumed this position in August 1999, Mr. Quinsey served as Vice President and General Manager of Motorola's SPS Wireless Subscriber Systems Group. Prior to that time, Mr. Quinsey served as General Manager for the Logic and Analog IC Mixed Signal Communications Products Division of Motorola. Mr. Quinsey has held several management positions since he joined Motorola in 1979.

LEON HUMBLE, VICE PRESIDENT AND GENERAL MANAGER, MOS GATED PRODUCTS DIVISION. Mr. Humble was Director of Manufacturing Restructuring and Separation Programs of SCG until he assumed this position in August 1999. Mr. Humble has held several management positions, including Product Line Manager for CMOS Products Division, since he joined Motorola in 1968.

CHANDRAMOHAN SUBRAMANIAM, VICE PRESIDENT AND DIRECTOR OF INTERNAL MANUFACTURING. Prior to assuming this position in August 1999, Mr. Subramaniam has held several Director and Management positions, including Director of Asia manufacturing, General Manager Seremban and Director of Quality and Continuous Improvement, since he joined Motorola in 1984.

DIRECTOR COMPENSATION

Currently, members of the Board of Directors of the Company (other than the Chairman) are not entitled to compensation (other than reimbursement of expenses) for their service on the Board. The Chairman will receive a quarterly payment of $25,000 for his services as Chairman of the Board. In addition, the Board has determined that in the future the Board may grant new members of the Board who are independent of the Company and TPG an option to purchase 15,000 shares of common stock of the Company and pay such new members a fee of $1,000 per meeting attended.

EXECUTIVE COMPENSATION

The following table sets forth cash compensation paid by Motorola during fiscal year 1998 to the four most highly compensated executives of the Company who were also previously employed by Motorola during fiscal year 1998. The Company has not named a Chief Executive Officer.

		ANNUAL COMPENSATION			
NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	OTHER ANNUAL COMPENSATION	ALL OTHER CASH COMPENSATION ($)(1)
Steven Hanson..... President	1998	308,308	150,000	--	51,457
William George..... Senior Vice President and Chief Operating Officer	1998	255,625	73,000	--	9,625
Dario Sacomani..... Senior Vice President and Chief Financial Officer	1998	181,231	47,000	--	338,583
Collette T. Hunt..... Vice President and General Manager Bipolar Discretes	1998	176,667	43,900	--	3,641

(1) Represents relocation expenses and Motorola's matching contributions to its 401k plan. In the case of Messrs. Hanson and Sacomani, this amount includes relocation expenses of $45,628 and $335,383, respectively. In all cases, this amount includes Motorola's matching contribution to its 401k plan of $3,500.

EMPLOYMENT AGREEMENTS/CHANGE IN CONTROL AGREEMENTS

The Company has entered into employment agreements with each of Messrs. Hanson, Rohleder, Thorburn, George and Sacomani. The following summaries of the material provisions of the employment agreements do not purport to be complete and are qualified in their entirety by reference to such agreements.

The agreements with Messrs. Hanson, George and Sacomani each provide for an employment term of three years ending on August 4, 2002. The agreements provide an annual base salary of $375,000, $300,000 and $250,000, respectively, and an annual bonus up to 100% of the base salary based on achievement of annual performance objectives. Messrs. Hanson, George and Sacomani will each be entitled to a one-time special bonus of $150,000 to be paid on the first anniversary of his employment, provided the respective executive is employed on such date. The agreements with Messrs. Rohleder and Thorburn each provide for an employment term of three years ending on September 1, 2002 and August 2, 2002, respectively, and for an annual base salary of $350,000 and $300,000, respectively. Mr. Rohleder is eligible to receive an annual bonus of up to 200% of his base salary based on achievement of annual performance objectives, provided that, during the first year of his employment term, Mr. Rohleder is guaranteed to receive an annual bonus at least equal to 100% of his base salary, regardless of whether any performance objectives are achieved. Mr. Thorburn is eligible to receive an annual bonus of up to 100% of his base salary based on achievement of annual performance objectives, and has received a one-time consultation fee of $270,000. Messrs. Rohleder and Thorburn also have been provided certain relocation benefits under their agreements.

Messrs. Hanson, Thorburn, Rohleder, George and Sacomani have been granted options under the Company's stock option plan (described below) to purchase 1,200,000, 750,000, 700,000, 650,000 and 650,000 shares, respectively, of common stock of SCG Holding, which become exercisable generally on a semi-annual basis over a four-year period (see description of the stock option plan below). The executive's outstanding options will become immediately exercisable upon a change in control (as defined in the executives' agreements), and with respect to Messrs. Hanson, Sacomani and George, each such executive's outstanding option will become immediately exercisable if such executive's employment is terminated by the Company without cause (as

defined in their respective agreements) or by the executives for good reason. Good reason is defined in each employment agreement and includes a voluntary resignation by the executive within one year after a change in control (as defined). The executives have also been provided a car allowance of up to $1,200 per month.

Under the terms of each of their respective agreements, if the executive's employment is terminated without cause (as defined in the applicable employment agreement), such executive will be entitled to a lump sum payment equal to the product of (A) either (i) three, if the date of termination of employment is on or before September 1, 2001, or (ii) two, if the date of termination of employment is after September 1, 2001 and prior to the expiration of the employment term; and (B) the sum of (i) the highest rate of the executive's annualized base salary in effect at any time up to and including the date of termination and (ii) the annual bonus earned by such executive in the year immediately preceding his date of termination. In addition, if the executive's employment is terminated without cause within two years after a change in control (as defined in the applicable employment agreement), he will be entitled to continuation of medical benefits provided generally to other executives of the Company for the greater of two years from the date of termination or the expiration of the term of employment under the agreement. Under the agreements with Messrs. Hanson, George and Sacomani, the executives will be entitled to the foregoing severance payments and, in the event of a change of control, continuation of medical coverage if they resign for good reason (as defined in their respective employment agreements).

Each executive is also subject to customary non-solicitation of employees and confidentiality provisions.

Finally, the Company intends to provide Mr. Thorburn with a non-recourse loan in the amount of approximately $227,900 for the purposes of exercising certain stock options granted by his former employer. Mr. Thorburn has agreed to pledge the securities to the Company as security for the loan. The loan accrues interest at a rate of 5.54% per annum and the entire principal amount and accrued interest is repayable upon Mr. Thorburn's sale of the securities.

1999 FOUNDERS STOCK OPTION PLAN

The Company has adopted the SCG Holding Corporation 1999 Founders Stock Option Plan to provide certain key employees, directors and consultants of the Company with the opportunity to purchase common stock of the Company. The Company has reserved 17,365,000 shares of the Company's common stock for issuance under the option plan. The option plan is administered by the Board of Directors of the Company (or a committee of the board), which is authorized to, among other things, select the key employees, directors and consultants who will receive grants and determine the exercise price and vesting schedule of the options. Prior to the existence of a public market (as defined in the plan) for the common stock, fair market value is determined by the Board in good faith, and following the existence of a public market for the common stock, fair market value will be based on the closing price for the shares on the exchange on which the shares are listed. As of November 1, 1999, the Board of Directors of the Company had approved the grant of options to purchase an aggregate of 15,049,500 shares of the Company's common stock to the Company's directors and a total approximately of 420 key employees (including Messrs. Hanson, Thorburn, Rohleder, George and Sacomani) at an exercise price of $1.00 per share. Generally the options initially issued under the plan will vest gradually over a period of four years, with approximately 8% becoming immediately vested and exercisable on the Grant Date, provided that the option holder remains employed with the Company during this period. All outstanding options will vest automatically upon a change of control (as defined in the plan) other than an initial public offering, provided the option holder is employed with the Company on the date of the change in control. Upon the termination of an option holder's employment, all unvested options will immediately terminate and vested options will generally remain exercisable for a period of

90 days after the date of termination (one year in the case of death or disability). Prior to the existence of a public market for the common stock, if an employee's employment terminates, the Company shall have the right to purchase vested options from that employee at a price equal to the excess of the fair market value per share of the common stock over the exercise price per share specified in the option. In addition, any shares acquired prior to the existence of a public market will also be subject to a Company call right, as well as customary drag-along and tag-along rights.

RETIREMENT PLAN

The Company's Retirement Plan covers certain eligible employees within the United States, including the named executive officers. The pension plan provides for monthly pension benefits based upon a formula including employee's years of service, compensation level calculated as final average earnings for the five years of highest pay during the last ten years of employment, and the Social Security benefit. The Social Security benefit is the estimated amount of Social Security retirement benefit payable at age 65. The earliest date on which eligible employees may receive pension benefits for retirement is after age 55 with at least five years of service or at age 60 with at least one year of service. Normal retirement under the pension plan is after age 65; benefits are reduced if pension payments begin before age 65.

The following table shows the estimated annual benefits payable under the current Retirement Plan for certain employees who are eligible under the criteria stated above assuming a life annuity benefit:

	YEARS OF SERVICE				
REMUNERATION	15	20	25	30	35
$100,000.....	$25,269	$29,235	$30,821	$30,821	$30,821
$125,000.....	$32,448	$37,664	$39,750	$39,750	$39,750
$150,000.....	$39,626	$46,092	$48,679	$48,679	$48,679
$175,000.....	$42,498	$49,464	$52,250	$52,250	$52,250
$200,000.....	$42,498	$49,464	$52,250	$52,250	$52,250

As of December 31, 1998, Mr. Hanson, Mr. George, Mr. Sacomani and Ms. Hunt had approximately 27, 30, 18, and 14 estimated years of service, respectively. The annual compensation covered by the pension plan for each of these officers is $160,000.

OWNERSHIP OF CAPITAL STOCK

The certificate of incorporation of SCG Holding, as amended to date, authorizes the issuance of capital stock consisting of 300,000,000 shares of common stock ("SCG Holding Common Stock"), and 100,000 shares of preferred stock which may be issued in multiple series, the terms, provisions and the preferences of which may be designated from time to time by the Board of Directors of SCG Holding.

The following table sets forth as of November 1, 1999 certain information regarding the beneficial ownership of SCG Holding Common Stock and Series A Cumulative Preferred Stock of SCG Holding ("SCG Holding Preferred Stock"), as determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended, with respect to:

- each person known by SCG Holding to be the beneficial owner of more than 5% of any class of SCG Holdings' voting securities;
- each of the directors and certain executive officers of SCG Holding; and
- all directors and executive officers, as a group.

Except as otherwise noted, the persons named in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them.

	COMMON STOCK		SERIES A CUMULATIVE PREFERRED STOCK	
NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES(1)	PERCENTAGE(1)	NUMBER OF SHARES	PERCENTAGE
TPG Advisors II, Inc. 201 Main Street, Suite 2420 Fort Worth, TX 76102	187,499,150(2)	90.8%	1,500	71.8%
Motorola, Inc. 1303 East Algonquin Road Schaumberg, IL 60196	17,500,850	8.5%	590	28.2%
David Bonderman	--(3)	--	--	--
Justin T. Chang	--(3)	--	--	--
David M. Stanton	--	--	--	--
Curtis J. Crawford	300,000(4)	*	--	--
Richard W. Boyce	615,000(4)	*	--	--
Steven Hanson	100,800(4)	*	--	--
Dario Sacomani	54,600(4)	*	--	--
William George	54,600(4)	*	--	--
Collette T. Hunt	11,760(4)	*	--	--
All directors and executive officers as a group (19 persons)	1,346,760	*	--	--

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* Less than 1% of the total voting power of the outstanding shares of Common Stock.

(1) Calculated excluding all shares issuable pursuant to options or warrants except, as to each person, the shares issuable to such person pursuant to options or warrants immediately exercisable or exercisable within 60 days from November 1, 1999.

(2) TPG Advisors II, Inc. indirectly controls SCG Semiconductor Holdings, LLC, the TPG affiliate that directly owns the SCG Holding Common Stock and SCG Holding Preferred Stock listed in the table above.

(3) Excludes shares listed above as beneficially owned by TPG Advisors II, Inc., which may be deemed an affiliate of each of David Bonderman and Justin Chang.

(4) All shares listed are issuable on exercise of options.

The Company has also reserved 17,365,000 shares of SCG Holding Common Stock for issuance under its stock option plans as more fully described under "Management--1999 Founders Stock Option Plan."

The SCG Holding Preferred Stock has a par value of $0.01 per share and accumulates dividends at the rate of 12% per annum (payable quarterly). Dividends compound to the extent not paid. The SCG Holding Preferred Stock has an original liquidation preference of $100,000 per share. SCG Holding will be required to redeem all of the shares of SCG Holding Preferred Stock on the thirteenth anniversary of the issue date at a price equal to such liquidation value plus all accumulated dividends that have been applied to increase liquidation value (the "Total Value"). Shares of SCG Holding Preferred Stock may be redeemed at the option of SCG Holding, in whole or in part, for the Total Value plus accrued dividends not included in the Total Value.

Optional redemption of SCG Holding Preferred Stock is subject to, and expressly conditioned upon, certain limitations under the notes, our senior bank facilities and other documents relating to the Company's indebtedness. SCG Holding may also be required to offer to repurchase shares of SCG Holding Preferred Stock in certain other circumstances, including the occurrence of a change of control of SCG Holding, in each case subject to the terms of the notes, our senior bank facilities and other documents relating to the Company's indebtedness. Holders of SCG Holding Preferred Stock will not have any voting rights, except with respect to certain specified actions that might adversely affect the holders and except for such rights as are provided under applicable law. See "Description of Exchange Notes--Limitation on Restricted Payments."

SHAREHOLDERS AGREEMENT

SCG Holding, Motorola and TPG Semiconductor Holdings, LLC ("TPG Holding"), which is controlled by investment funds affiliated with TPG, have entered into a Shareholders Agreement (the "Shareholders Agreement") relating to registration rights, transfers of SCG Holding Common Stock and SCG Holding Preferred Stock (together, the "SCG Stock") and certain other matters. The Shareholders Agreement terminates upon the earlier to occur of (1) TPG Holding owning less than 35% of the outstanding shares of SCG Holding Common Stock or (2) an underwritten initial public offering of SCG Stock; PROVIDED that registration rights terminate with respect to a class of SCG Stock at such time (at least three years after the date of the Shareholders Agreement) as Motorola shall be legally permitted to sell all shares of such class of SCG Stock then held by Motorola without registration under the Securities Act.

REGISTRATION RIGHTS

Pursuant to the Shareholders Agreement, Motorola and Permitted Transferees (as defined below under "--Permitted Transfers") have "piggyback" registration rights on a proportional basis with respect to the same class of SCG Stock in any public offering of SCG Stock by SCG Holding or TPG. SCG Holding pays the registration expenses of any registration including, without limitation, SEC and NASD filing fees and the fees and expenses of counsel for SCG Holding (but not including underwriting discounts or fees and expenses of counsel to Motorola). SCG Holding has agreed to indemnify Motorola, transferee holders and underwriters and their respective affiliates and control persons against securities law liabilities relating to the registration statement in connection with any registered offering pursuant to registration rights. Each selling shareholder has agreed to indemnify SCG Holding and underwriters (together with their respective affiliates and control persons) against securities law liabilities for information provided by the selling shareholder in writing specifically for inclusion in the registration statement.

RIGHT OF FIRST OFFER

The Shareholders Agreement permits Motorola to transfer some or all of its shares of SCG Stock to any third party, PROVIDED that prior to any such transfer (other than pursuant to certain limited exceptions set forth in the Shareholders Agreement), Motorola shall have provided TPG Holding and SCG Holding with notice of its intent to sell such SCG Stock (specifying the number of shares thereof, the purchase price therefor and other terms and conditions) and an opportunity to acquire all (but not less than all) of such shares of SCG Stock at the purchase price and on the other terms and conditions specified in the offer notice. In the event TPG and SCG Holding do not exercise their right to acquire such SCG Stock, Motorola may, within a specified period following the delivery of the offer notice, sell all of such SCG Stock to a third party at a price that is not less than the purchase price and on substantially the same terms and conditions specified in the offer notice.

TAG-ALONG RIGHTS

The Shareholders Agreement provides that, in the event that TPG determines to sell SCG Stock to any third party (not including affiliates of TPG), except in a public offering or in a brokerage transaction through the public securities markets, Motorola has the right to participate PRO RATA (treating each class of SCG Stock individually) in such transaction as a seller on the same terms and conditions as apply to the sale of TPG's SCG Stock. Notwithstanding the foregoing, (1) TPG has the right to sell or transfer up to 10% of the outstanding shares of SCG Holding Common Stock and SCG Holding Preferred Stock in the aggregate to third parties free of tag-along rights in connection with the retention by the Company of directors, officers, advisors or consultants, or the sale of other securities of the Company or its subsidiaries, and (2) if TPG proposes to transfer both SCG Holding Common Stock and SCG Holding Preferred Stock in the same transaction or in related transactions, Motorola may tag-along in such transaction or transactions by transferring both SCG Holding Common Stock and SCG Holding Preferred Stock in the same proportion as is proposed to be transferred by TPG.

DRAG-ALONG RIGHTS

In the event that TPG determines to sell all or substantially all of the stock or assets of the Company, by merger, stock sale, asset sale or otherwise, to any third party, TPG has the right to cause Motorola to sell its shares of SCG Holding Common Stock in such transaction (and to waive its appraisal or dissenters' rights with respect to such transaction, as applicable), all at the same price per share and on the same terms and conditions as apply to the sale of TPG's SCG Common Stock.

CALL RIGHT

Under the Shareholders Agreement, TPG has the right to purchase from Motorola, at any time and from time to time, all or any portion of the shares of SCG Holding Preferred Stock held by Motorola at the stated redemption price per share in cash.

FLIP PROTECTION

In the event that all or substantially all of the outstanding shares of SCG Holding Common Stock or the assets of the Company are sold in certain circumstances for a limited period of time after our recapitalization, Motorola will be entitled to 30% of the net profit realized by TPG Holding from the sale.

CORPORATE GOVERNANCE

In the event SCG Holding fails to redeem SCG Holding Preferred Stock on or prior to the thirteenth anniversary of the issue date, TPG shall cause 20% of the members of the Board of Directors of SCG Holding to be Motorola nominees.

PERMITTED TRANSFERS

Notwithstanding anything to the contrary contained in the Shareholders Agreement, transfers to any Permitted Transferee of the transferor shall not be subject to the right of first offer, tag-along rights, drag-along rights or flip protection provisions. A "Permitted Transferee" means (a) in the case of any transferor that is not a corporation, individual, general or limited partner, member, officer, employee or affiliate (as defined in Rule 12b-2 under the Exchange Act) of such transferor, (b) in the case of any transferor that is a corporation, any other entity that owns, directly or indirectly, at least 51% of the equity securities of such transferor ("majority ownership") or that is under common majority ownership with such transferor, (c) in the case of any transferor that is an individual, any successor by death or divorce or (d) in the case of any transferor that is a trust whose sole beneficiaries are individuals, such individuals or their spouses or lineal descendants.

TRANSFEREE'S RIGHTS AND OBLIGATIONS

A third party that acquires SCG Stock shall assume the obligations and, unless otherwise agreed by the transferee, acquire the rights of the transferring party with respect to the shares that it acquires.

TEXAS PACIFIC GROUP

Texas Pacific Group was founded by David Bonderman, James G. Coulter and William S. Price, III in 1993 to pursue public and private investment opportunities through a variety of methods, including leveraged buyouts, recapitalizations, joint ventures, restructurings and strategic public securities investments. The principals of Texas Pacific Group manage TPG Partners, L.P. and TPG Partners II, L.P., both Delaware limited partnerships, which, with affiliated partnerships, have aggregate committed capital of more than $3.2 billion.

The investment in the Company is the largest investment of Texas Pacific Group to date and its sixth investment in the technology and telecommunications area. Texas Pacific Group's other investments in technology and telecommunications companies include Paradyne Corporation, GlobeSpan, GT Com, Landis & Gyr Communications and Zilog.

Texas Pacific Group's portfolio companies also include America West Airlines, Belden & Blake, Beringer Wine Estates, Del Monte Foods, Denbury Resources, Ducati Motorcycle Holdings, Favorite Brands International, Genesis ElderCare, J. Crew, Oxford Health Plans, Virgin Entertainment and Vivra. In addition, Texas Pacific Group principals led the $9 billion reorganization of Continental Airlines in 1993.

In connection with our recapitalization, Motorola has made bonus payments to Messrs. Hanson, George and Sacomani in the approximate amounts of $480,000, $400,000 and $260,000, respectively.

In connection with our recapitalization, we paid TPG a financial advisory fee in the amount of $25 million. We have agreed to pay TPG annually a management fee of not more than $2 million.

In connection with our recapitalization, Motorola (1) has assigned, licensed and sublicensed to us certain intellectual property in connection with the products we plan to offer (including a limited use of the Motorola trade name for one year and a transition statement, "formerly a division of Motorola," for an additional year thereafter), (2) has agreed to continue providing us information technology, human resources, supply management, logistics and finance services for agreed periods of time while we determine the most cost-effective means to obtain such services, (3) has agreed to continue providing certain manufacturing and assembly services to us and to continue using similar services we provide to them, (4) has agreed to continue selling to us depreciated equipment to support our capacity expansion and (5) has leased certain real estate to us.

In connection with our recapitalization, we paid the Chairman of our Board of Directors, Curtis J. Crawford, a consulting fee of $100,000 and granted Mr. Crawford an option to purchase 300,000 shares of SCG Holding Common Stock. We also granted one of our directors, Richard W. Boyce an option to purchase 615,000 shares of SCG Holding Common Stock. The option grants to Messrs. Crawford and Boyce were in consideration for their respective consulting services. Messrs. Crawford and Boyce's options are at an exercise price of $1.00 per share, are fully exercisable upon grant and have a ten year term and are otherwise governed by the 1999 Founders Stock Option Plan.

DESCRIPTION OF OTHER INDEBTEDNESS

SENIOR FACILITIES

The description set forth below does not purport to be complete and is qualified in its entirety by reference to certain agreements setting forth the principal terms and conditions of our senior bank facilities.

Pursuant to a credit agreement (the "Credit Agreement") that was entered into as part of our recapitalization among SCI LLC, as borrower, SCG Holding, as parent, the lenders named therein, The Chase Manhattan Bank ("Chase") as administrative agent, collateral agent and syndication agent, DLJ Capital Funding, Inc., as co-documentation agent, and Lehman Commercial Paper Inc., as co-documentation agent, senior secured credit facilities of up to $1,025.0 million have been provided to us by a syndicate of banks and other financial institutions led by Chase. The Credit Agreement provides for (1) a $200.0 million senior secured term loan (the "Tranche A Facility") that fully amortizes within six years, (2) a $325.0 million senior secured term loan (the "Tranche B Facility") that fully amortizes within seven years, (3) a $350.0 million senior secured term loan (the "Tranche C Facility" and, together with the Tranche A Facility and the Tranche B Facility, the "Senior Term Facilities") that fully amortizes within eight years and (4) a $150.0 million senior secured revolving credit facility (the "Revolving Facility" and, together with the Senior Term Facilities, the "Senior Facilities") that matures on the earlier of (a) the date that is six years after our recapitalization and (b) the final repayment in full of the Tranche A Facility. At the time of the recapitalization, we drew down $65.5 million under the Tranche A Facility. The $134.5 million balance (the "Delayed Draw Term Facility") of the Tranche A Facility is being made available to fund working capital during the period from the date of our recapitalization to the date that is six months after our recapitalization. As of September 30, 1999 $74.5 million under the Delayed Draw Term Facility remained available.

The Senior Facilities initially bear interest (subject to performance based step downs applicable to the Tranche A Facility and the Revolving Facility) at a rate equal to LIBOR plus (1) in the case of the Tranche A Facility and the Revolving Facility, 3.00%; or at our option, the alternate base rate (as defined in the Credit Agreement) plus 2.00%; (2) in the case of the Tranche B Facility, 3.50% or, at our option, the alternate base rate plus 2.50% and (3) in the case of the Tranche C Facility, 3.75% or, at our option, the alternate base rate plus 2.75%.

In addition to paying interest on outstanding principal under the Senior Facilities, we are required to pay a commitment fee to the lenders under the Revolving Facility and the Delayed Draw Term Facility in respect of the unutilized commitments thereunder at a rate equal to 0.50% per annum.

The Senior Term Facilities will amortize in quarterly amounts based upon the annual amounts shown below.

CALENDAR YEAR	TRANCHE A FACILITY	TRANCHE B FACILITY	TRANCHE C FACILITY
	(DOLLARS IN MILLIONS)		
2000	$ --	$ --	$ --
2001	15.000	1.625	1.750
2002	35.000	3.250	3.500
2003	45.000	3.250	3.500
2004	65.000	3.250	3.500
2005	40.000	157.625	3.500
2006	--	156.000	168.000
2007	--	--	166.250
Total	$200.000	$325.000	$350.000

SCI LLC's obligations under the Senior Facilities are unconditionally and irrevocably guaranteed by SCG Holding and each of its existing and subsequently acquired or organized domestic subsidiaries (other than SCI LLC). In addition, the Senior Facilities are secured by first priority or equivalent security interests in substantially all tangible and intangible assets of SCG Holding and each of its existing and subsequently acquired or organized domestic subsidiaries, including all the capital stock of, or other equity interests in SCI LLC and each other direct or indirect subsidiary of SCG Holding (except, in the case of voting stock of a foreign subsidiary, not more than 65% of such voting stock shall be required to be pledged).

The Senior Facilities are subject to mandatory prepayment with, in general, (1) 100% of the proceeds of non-ordinary course assets sales, (2) 50% of the Company's Excess Cash Flow (as defined in the Credit Agreement) and (3) 100% of the proceeds from the issuance of debt obligations other than debt obligations permitted under the Credit Agreement. With respect to any prepayment of the

Tranche B Facility or the Tranche C Facility within two years after our recapitalization, except with respect to prepayments out of Excess Cash Flow, we will pay a premium of (1) 2% of the principal amount being prepaid of each such facility during the first year after the Closing Date and (2) 1% of the principal amount being prepaid of each such facility during the second year after the Closing Date.

The Credit Agreement contains a number of covenants that, among other things, restrict the ability of the Company to dispose of assets, incur additional indebtedness, incur guarantee obligations, repay other indebtedness, pay certain restricted payments and dividends, create liens on assets, make investments, loans or advances, make certain acquisitions, engage in mergers or consolidations, make capital expenditures, enter into sale and leaseback transactions, or engage in certain transactions with subsidiaries and affiliates and otherwise restrict corporate activities. In addition, under the Senior Facilities, we are required to comply with specified financial ratios and tests, including minimum fixed charge coverage and interest coverage ratios and maximum leverage ratios. The Credit Agreement also contains customary events of default.

JUNIOR SUBORDINATED NOTE

SCI LLC has issued a junior subordinated note to Motorola in the amount of $91 million, which bears interest at a rate of 10% per annum, payable semi-annually in kind. Interest may be paid by SCI LLC in cash after the fifth anniversary of the issue date if, after giving effect to the payment of interest on any interest payment date, we would be in compliance with our obligations under the Senior Facilities and the indenture relating to the notes. The junior subordinated note matures on the twelfth anniversary of the issue date and ranks subordinated in right of payment to the notes and the loans under the Senior Facilities and PARI PASSU in right of payment with, among other things, unsecured trade debt.

DESCRIPTION OF EXCHANGE NOTES

GENERAL

Definitions of certain terms used in this Description of Exchange Notes may be found under "--Certain Definitions." For purposes of this section, the term "Company" refers only to SCG Holding Corporation and not any of its Subsidiaries, "SCI LLC" refers to Semiconductor Components Industries, LLC, a Wholly Owned Subsidiary of the Company, the "Issuers" refers to the Company and SCI LLC and "we" refers to the Issuers.

The Company issued initial notes and will issue the exchange notes under an indenture, dated as of August 4, 1999 (the "Indenture") among the Company, SCI LLC, the Note Guarantors and State Street Bank and Trust Company, as Trustee (the "Trustee"). The Indenture contains provisions that define your rights under the exchange notes. In addition, the Indenture governs the obligations of the Issuers and of each Note Guarantor under the exchange notes. The terms of the Exchange Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (the "TIA"). The Indenture has been filed as an exhibit to the registration statement of which this prospectus is a part and is available as set forth under the heading "Prospectus Summary--Where You Can Find More Information."

This Description of Exchange Notes is meant to be only a summary of certain provisions of the Indenture, does not purport to be complete and is qualified in its entirety by reference to the Indenture, including the definitions therein of certain terms used below, and the TIA. It does not restate the terms of the Indenture in their entirety. We urge that you carefully read the Indenture as it, and not this description, will govern your rights as Holders.

OVERVIEW OF THE EXCHANGE NOTES AND THE NOTE GUARANTEES

THE EXCHANGE NOTES

The Exchange Notes will:

- be general unsecured obligations of each of the Issuers;
- be subordinated in right of payment to all existing and future Senior Indebtedness of each of the Issuers;
- rank PARI PASSU in right of payment with all existing and future Senior Subordinated Indebtedness of each of the Issuers;
- be senior in right of payment to all existing and future Subordinated Obligations of each of the Issuers;
- be effectively subordinated to all existing and future Secured Indebtedness of the Company, SCI LLC and the other Subsidiaries of the Company to the extent of the value of the assets securing such Indebtedness; and
- be effectively subordinated to all liabilities of the Foreign Subsidiaries of the Company, which are not Guaranteeing the exchange notes, and any other future Subsidiaries of the Company that do not Guarantee the exchange notes.

THE NOTE GUARANTEES

The exchange notes will be Guaranteed by each of the following Subsidiaries of the Company:

- SCG (Malaysia SMP) Holding Corporation,

- SCG (Czech) Holding Corporation,

- SCG (China) Holding Corporation,

- Semiconductor Components Industries Puerto Rico, Inc. and

- SCG International Development LLC.

The Note Guarantees will:

- be general unsecured obligations of each Note Guarantor;

- be subordinated in right of payment to all existing and future Senior Indebtedness of each Note Guarantor;

- rank PARI PASSU in right of payment with all existing and future Senior Subordinated Indebtedness of each Note Guarantor;

- be senior in right of payment to all existing and future Subordinated Obligations of each Note Guarantor;

- be effectively subordinated to all existing and future Secured Indebtedness of each Note Guarantor to the extent of the value of the assets securing such Indebtedness; and

- be effectively subordinated to all liabilities of the Foreign Subsidiaries of the Company, which are not Guaranteeing the exchange notes, and any other future Subsidiaries of the Company that do not Guarantee the exchange notes.

The exchange notes are not Guaranteed by any of the Company's existing or future Foreign Subsidiaries, unless any such Foreign Subsidiary Guarantees any other Indebtedness of the Company or any Domestic Subsidiary, and the aggregate principal amount of Indebtedness of the Company and its Domestic Subsidiaries Guaranteed by all Foreign Subsidiaries exceeds $25 million.

PRINCIPAL, MATURITY AND INTEREST

We will issue the exchange notes in an aggregate principal amount of up to $400 million. The exchange notes will mature on August 1, 2009. We will issue the exchange notes in fully registered form, without coupons, in denominations of $1,000 and any integral multiple of $1,000.

Each exchange note we issue will accrue interest at a rate of 12% beginning on August 4, or from the most recent date to which interest has been paid or provided for. We will pay interest semiannually in arrears to Holders of record at the close of business on the January 15 or July 15 immediately preceding the interest payment date on February 1 and August 1 of each year.

Interest on the exchange notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

PAYING AGENT AND REGISTRAR

We will pay the principal of, premium, if any, and interest on the exchange notes at any office of ours or any agency designated by us that is located in the Borough of Manhattan, the City of New York. We have initially designated the corporate trust office of the Trustee to act as the agent of the Company in such matters. The location of the corporate trust office is 61 Broadway, New York, New York 10006. We, however, reserve the right to pay interest to Holders by check mailed directly to Holders at their registered addresses.

TRANSFER AND EXCHANGE

Holders may exchange or transfer their exchange notes at the same location given above under "--Paying Agent and Registrar." No service charge will be made for any registration of transfer or exchange of exchange notes. We, however, may require Holders, among other things, to furnish appropriate endorsements and transfer documents and to pay any transfer tax or other similar governmental charge payable in connection with any such transfer or exchange.

Except as provided in the Indenture, the registered Holder of any of the exchange notes will be treated as the owner thereof for all purposes under the Indenture. The Issuers will not be required to transfer or exchange any exchange note selected for redemption or to transfer or exchange any exchange note for a period of 15 days prior to a selection of exchange notes to be redeemed.

OPTIONAL REDEMPTION

Except as set forth in the following paragraph, we may not redeem the exchange notes prior to August 1, 2004. On and after this date, we may redeem the exchange notes, in whole or in part, on one or more occasions, on not less than 30 nor more than 60 days' prior notice, at the following redemption prices (expressed as percentages of principal amount), plus accrued and unpaid interest and liquidated damages thereon, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on August 1 of the years set forth below:

YEAR	REDEMPTION PRICE
2004	106.0%
2005	104.5%
2006	103.0%
2007	101.5%
2008 and thereafter	100.0%

Prior to August 1, 2002, the Issuers also may (but shall not have the obligation to), on one or more occasions, redeem up to a maximum of 35% of the original aggregate principal amount of the exchange notes with the Net Cash Proceeds of one or more Public Equity Offerings by the Company, at a redemption price equal to 112% of the principal amount thereof, plus accrued and unpaid interest and liquidated damages thereon, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); PROVIDED, HOWEVER, that after giving effect to any such redemption:

(1) at least 65% of the aggregate principal amount of the notes and the exchange notes, taken together, remains outstanding; and

(2) any such redemption by the Issuers must be made within 90 days of the date of the closing of the applicable Public Equity Offering and must be made in accordance with certain procedures set forth in the Indenture.

SELECTION AND NOTICE OF REDEMPTION

If we redeem less than all of the exchange notes outstanding at any time, the Trustee will select the exchange notes to be redeemed on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion shall deem to be fair and appropriate, although no exchange note of $1,000 in original principal amount or less will be redeemed in part. We will mail notices of

redemption by first class mail at least 30 but not more than 60 days before the applicable redemption date to each Holder of the exchange notes to be redeemed at such Holder's registered address.

If we redeem any exchange note in part only, the notice of redemption relating to such exchange note shall state the portion of the principal amount thereof to be redeemed. A new exchange note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancelation of the original exchange note. On and after the redemption date, interest will cease to accrue on exchange notes or portions thereof called for redemption so long as we have deposited with the Paying Agent funds sufficient to pay the principal of such exchange notes or portions thereof, plus accrued and unpaid interest and liquidated damages thereon, if any, to the applicable redemption date.

RANKING

The exchange notes will be unsecured obligations of each of the Issuers, will be subordinated in right of payment to all existing and future Senior Indebtedness of each of the Issuers, will rank PARI PASSU in right of payment with all existing and future Senior Subordinated Indebtedness of each of the Issuers and will be senior in right of payment to all existing and future Subordinated Obligations of each of the Issuers. The exchange notes will also be effectively subordinated to any Secured Indebtedness of the Company, SCI LLC and the other Subsidiaries of the Company to the extent of the value of the assets securing such Indebtedness. However, payment from the money or the proceeds of U.S. Government Obligations held in any defeasance trust described below under the caption "--Defeasance" will not be subordinated to any Senior Indebtedness or subject to the restrictions described herein.

The Company currently conducts all, and SCI LLC currently conducts certain, of their operations through their Subsidiaries. The Note Guarantees will be unsecured obligations of the applicable Note Guarantor, will be subordinated in right of payment to all existing and future Senior Indebtedness of such Note Guarantor, will rank PARI PASSU in right of payment with all existing and future Senior Subordinated Indebtedness of such Note Guarantor will be are senior in right of payment to all existing and future Subordinated Obligations of such Note Guarantor. The Note Guarantees will also be effectively subordinated to any Secured Indebtedness of the applicable Note Guarantor to the extent of the value of the assets securing such Secured Indebtedness.

None of the Company's existing and future Foreign Subsidiaries will Guarantee the Notes other than Foreign Subsidiaries which Guarantee any other Indebtedness of the Company or any Domestic Subsidiary, if the aggregate principal amount of Indebtedness of the Company and its Domestic Subsidiaries Guaranteed by all Foreign Subsidiaries exceeds $25 million. Creditors of such Foreign Subsidiaries, including trade creditors, and preferred stockholders (if any) of such Foreign Subsidiaries generally will have priority with respect to the assets and earnings of such Foreign Subsidiaries over the claims of our creditors, including Holders. The exchange notes, therefore, will be effectively subordinated to creditors, including trade creditors, and preferred stockholders (if any) of the Company's Foreign Subsidiaries.

As of September 30, 1999, we had outstanding the following:

(1) $800.5 million of Senior Indebtedness of each of the Company and SCI LLC, all of which is Secured Indebtedness (exclusive of unused commitments under the Credit Agreement);

(2) no Senior Subordinated Indebtedness of the Company and SCI LLC (in each case, other than the initial notes);

(3) no Indebtedness of the Company and SCI LLC, other than $91 million under the Junior Subordinated Note, that is subordinated or junior in right of payment to the exchange notes;

(4) no Senior Indebtedness of the Note Guarantors (exclusive of intercompany debt and Guarantees of Indebtedness under the Credit Agreement);

(5) no Senior Subordinated Indebtedness of the Note Guarantors (other than the Note Guarantees and the Guarantees of the initial notes); and

(6) no Indebtedness of the Note Guarantors that is subordinated or junior in right of payment to the Note Guarantees.

Although the amount of additional Indebtedness we can Incur is limited, we may be able to Incur substantial amounts of additional Indebtedness in certain circumstances. Such Indebtedness may be Senior Indebtedness. See "--Certain Covenants--Limitation on Indebtedness" below.

"Senior Indebtedness" of the Company, SCI LLC or any Note Guarantor, as applicable, means the principal of, premium (if any) and accrued and unpaid interest on (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization of the Company, SCI LLC or any Note Guarantor, regardless of whether or not a claim for post-filing interest is allowed in such proceedings), and fees and other amounts owing in respect of, Bank Indebtedness and all other Indebtedness of the Company, SCI LLC or any Note Guarantor, whether outstanding on the Closing Date or thereafter Incurred, unless in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such obligations are not superior in right of payment to the exchange notes and the initial notes or such Note Guarantor's Note Guarantee or Guarantee of the initial notes; PROVIDED, HOWEVER, that Senior Indebtedness shall not include:

(1) any obligation of the Company or SCI LLC to any Subsidiary of the Company or any obligation of such Note Guarantor to the Company, SCI LLC or any other Subsidiary of the Company;

(2) any liability for Federal, state, local or other taxes owed or owing by the Company, SCI LLC or such Note Guarantor;

(3) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities);

(4) any Indebtedness or obligation of the Company, SCI LLC or such Note Guarantor (and any accrued and unpaid interest in respect thereof) that by its terms is subordinated or junior in right of payment to any other Indebtedness or obligation of the Company, SCI LLC or such Note Guarantor, including any Senior Subordinated Indebtedness and any Subordinated Obligations;

(5) any obligations with respect to any Capital Stock; or

(6) any Indebtedness Incurred in violation of the Indenture.

Only Indebtedness of the Company or SCI LLC that is Senior Indebtedness will rank senior in right of payment to the exchange notes. The exchange notes will rank PARI PASSU in right of payment with all other Senior Subordinated Indebtedness of the Company or of SCI LLC. The Issuers will not Incur, directly or indirectly, any Indebtedness that is subordinated or junior in right of payment to Senior Indebtedness unless such Indebtedness is Senior Subordinated Indebtedness or is expressly subordinated in right of payment to Senior Subordinated Indebtedness. Unsecured Indebtedness is not deemed to be subordinated or junior in right of payment to Secured Indebtedness merely because it is unsecured.

We may not pay principal of, premium (if any) or interest on, the exchange notes, make any deposit pursuant to the provisions described under "--Defeasance" below, or otherwise repurchase, redeem or otherwise retire any exchange notes (collectively, "pay the exchange notes") if:

(1) any Designated Senior Indebtedness is not paid when due, or

(2) any other default on Designated Senior Indebtedness occurs and the maturity of such Designated Senior Indebtedness is accelerated in accordance with its terms

unless, in either case,

(x) the default has been cured or waived and any such acceleration has been rescinded, or

(y) such Designated Senior Indebtedness has been paid in full;

PROVIDED, HOWEVER, that we may pay the exchange notes without regard to the foregoing if we and the Trustee receive written notice approving such payment from the Representative of the Designated Senior Indebtedness with respect to which either of the events set forth in clause (1) or (2) above has occurred and is continuing.

During the continuance of any default (other than a default described in clause (1) or (2) above) with respect to any Designated Senior Indebtedness of either Issuer pursuant to which the maturity thereof may be accelerated immediately without further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods, we may not pay the exchange notes for a period (a "Payment Blockage Period") commencing upon the receipt by the Trustee (with a copy to us) of written notice (a "Blockage Notice") of such default from the Representative of such Designated Senior Indebtedness specifying an election to effect a Payment Blockage Period and ending 179 days thereafter (or earlier if such Payment Blockage Period is terminated:

(1) by written notice to the Trustee and the Issuers from the Person or Persons who gave such Blockage Notice,

(2) by repayment in full of such Designated Senior Indebtedness, or

(3) because no default with respect to any Designated Senior Indebtedness is continuing).

Notwithstanding the provisions described in the immediately preceding sentence (but subject to the provisions contained in the second preceding sentence), the Issuers may resume payments on the exchange notes after the end of such Payment Blockage Period, unless the holders of such Designated Senior Indebtedness or the Representative of such holders have accelerated the maturity of such Designated Senior Indebtedness and such Designated Senior Indebtedness has not been repaid in full.

Not more than one Blockage Notice may be given in any period of 360 consecutive days, irrespective of the number of defaults with respect to Designated Senior Indebtedness during such period. However, if any Blockage Notice within such 360-day period is given by or on behalf of any holders of Designated Senior Indebtedness other than the Bank Indebtedness, the Representative of the Bank Indebtedness may give another Blockage Notice within such period. In no event, however, may the total number of days during which any Payment Blockage Period or Periods is in effect exceed 179 days in the aggregate during any period of 360 consecutive days. For purposes of this paragraph, no default or event of default that existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Indebtedness initiating such Payment Blockage Period shall be, or be made, the basis of the commencement of a subsequent Payment Blockage Period by the Representative of such Designated Senior Indebtedness, whether or not within a period of 360 consecutive days, unless such default or event of default shall have been cured or waived for a period of not less than 90 consecutive days.

Upon any payment or distribution of the assets of the Company or SCI LLC to their respective creditors upon a total or partial liquidation or a total or partial dissolution of the Company or SCI LLC or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property or SCI LLC or its property:

(1) the holders of Senior Indebtedness of the Company or SCI LLC, as the case may be, will be entitled to receive payment in full of such Senior Indebtedness before the Holders are entitled to receive any payment of principal of or interest on the exchange notes; and

(2) until such Senior Indebtedness is paid in full, any payment or distrqibution to which Holders would be entitled but for the subordination provisions of the Indenture will be made to holders of such Senior Indebtedness as their interests may appear, except that Holders may receive shares of stock and any debt securities that are subordinated to such Senior Indebtedness to at least the same extent as the exchange notes; if a distribution is made to Holders that due to the subordination provisions of the Indenture should not have been made to them, such Holders will be required to hold it in trust for the holders of Senior Indebtedness of the Company or SCI LLC, as the case may be, and pay it over to them as their interests may appear.

If payment of the exchange notes is accelerated because of an Event of Default, the Issuers or the Trustee (PROVIDED, that the Trustee shall have received written notice from the Issuers or a Representative identifying the Designated Senior Indebtedness for which such Representative is so designated, on which notice the Trustee shall be entitled to rely conclusively) shall promptly notify the holders of each Issuer's Designated Senior Indebtedness (or their Representative) of the acceleration. If any such Designated Senior Indebtedness is outstanding, the Issuers may not pay the Notes until five Business Days after such holders or the Representative of such Designated Senior Indebtedness receive notice of such acceleration and, thereafter, may pay the exchange notes only if the subordination provisions of the Indenture otherwise permit payment at that time.

By reason of the subordination provisions of the Indenture, in the event of insolvency, creditors of the Issuers who are holders of Senior Indebtedness may recover more, ratably, than the Holders, and creditors of the Issuers who are not holders of Senior Indebtedness or of Senior Subordinated Indebtedness (including the exchange notes) may recover less, ratably, than holders of Senior Indebtedness and may recover more, ratably, than the holders of Senior Subordinated Indebtedness.

NOTE GUARANTEES

SCG (Malaysia SMP) Holding Corporation, SCG (Czech) Holding Corporation, SCG (China) Holding Corporation, Semiconductor Components Industries Puerto Rico, Inc. and SCG International Development LLC, and certain future Subsidiaries of the Company (as described below), as primary obligors and not merely as sureties, will jointly and severally irrevocably and unconditionally Guarantee on an unsecured senior subordinated basis full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all obligations of the Issuers under the Indenture (including obligations to the Trustee) and the exchange notes, whether for payment of principal of or interest on in respect of the exchange notes, expenses, indemnification or otherwise (all such obligations Guaranteed by such Note Guarantors being herein called the "Guaranteed Obligations"). Such Note Guarantors have agreed to pay, in addition to the amount stated above, any and all reasonable costs and expenses (including reasonable counsel fees and expenses) incurred by the Trustee or the Holders in enforcing any rights under the Note Guarantees. Each Note Guarantee will be limited in amount to an amount not to exceed the maximum amount that can be Guaranteed by the applicable Note Guarantor without rendering the Note Guarantee, as it relates to such Note Guarantor, voidable under applicable law relating to fraudulent conveyance or

fraudulent transfer or similar laws affecting the rights of creditors generally. If a Note Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and contingent liabilities) of the applicable Note Guarantor, and, depending on the amount of such indebtedness, a Note Guarantor's liability in respect of its Note Guarantee could be reduced to zero. After the Closing Date, the Company will cause (1) each Domestic Subsidiary and (2) each Foreign Subsidiary that enters into or has outstanding a Guarantee of any other Indebtedness of the Company or any Domestic Subsidiary, if the aggregate principal amount of Indebtedness of the Company and its Domestic Subsidiaries Guaranteed by all Foreign Subsidiaries exceeds $25 million, to execute and deliver to the Trustee a supplemental indenture pursuant to which such Subsidiary will Guarantee payment of the exchange notes. See "--Certain Covenants--Future Note Guarantors" below.

Each Note Guarantor that makes a payment under its Note Guarantee will be entitled to a contribution from each other Note Guarantor in an amount equal to such other Note Guarantor's pro rata portion of such payment based on the respective net assets of all Note Guarantors at the time of such payment, as determined in accordance with GAAP.

The obligations of a Note Guarantor under its Note Guarantee are senior subordinated obligations. As such, the rights of Holders to receive payment by a Note Guarantor pursuant to its Note Guarantee will be subordinated in right of payment to the rights of holders of Senior Indebtedness of such Note Guarantor. The terms of the subordination provisions described above with respect to the Issuers' obligations under the exchange notes apply equally to a Note Guarantor and the obligations of such Note Guarantor under its Note Guarantee.

Each Note Guarantee is a continuing Guarantee and shall

(1) remain in full force and effect until payment in full of all the Guaranteed Obligations or until released as described in the following paragraph,

(2) be binding upon each Note Guarantor and its successors and

(3) inure to the benefit of, and be enforceable by, the Trustee, the Holders and their successors, transferees and assigns. Each Note Guarantee will be a guarantee of payment and not of collection.

A Note Guarantee as to any Note Guarantor shall terminate and be of no further force or effect and such Note Guarantor will be deemed to be released from all obligations under its Note Guarantee upon any of the following:

(1) the merger or consolidation of such Note Guarantor with or into any Person other than the Company or a Subsidiary or Affiliate of the Company where such Note Guarantor is not the surviving entity of such consolidation or merger;

(2) the sale or transfer by the Company or any Subsidiary of the Company of the Capital Stock of such Note Guarantor (or by any other Person as a result of a foreclosure of any Lien on such Capital Stock securing Senior Indebtedness), where, after such sale or transfer, such Note Guarantor is no longer a Subsidiary of the Company, or

(3) the sale, conveyance or transfer of all or substantially all the assets of such Note Guarantor to another Person other than the Company or a Subsidiary or Affiliate of the Company; PROVIDED, HOWEVER, that each such merger, consolidation, sale, conveyance or transfer by the Company or such Subsidiary shall comply with the covenants described under "--Merger and Consolidation" and "--Certain Covenants--Limitation on Sales of Assets and Subsidiary Stock." At the request of the Company, the Trustee shall execute and deliver an appropriate instrument evidencing such release (in the form provided by the Company). Notwithstanding the foregoing, if the Credit Agreement so requires, any Note Guarantor that has Guaranteed Indebtedness under the Credit Agreement and is being released from its Guarantee thereunder will be simultaneously released from its Note Guarantee hereunder unless an Event of Default has occurred and is continuing.

CHANGE OF CONTROL

Upon the occurrence of any of the following events (each a "Change of Control"), each Holder will have the right to require the Issuers to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of such Holder's exchange notes at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest and liquidated damages thereon, if any, to the date of repurchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); PROVIDED, HOWEVER, that notwithstanding the occurrence of a Change of Control, the Issuers are not obligated to repurchase the exchange notes pursuant to this section in the event that they have exercised their right to redeem all the exchange notes and initial notes as described under "--Optional Redemption":

(1) (A) any "person" (as such term is used in Section 13(d)(3) of the Exchange Act), other than one or more Permitted Holders, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 40% of the total voting power of the Voting Stock of the Company or SCI LLC, whether as a result of issuance of securities of the Company or SCI LLC, any merger, consolidation, liquidation or dissolution of the Company or SCI LLC, any direct or indirect transfer of securities by any Permitted Holder or otherwise, and

(B) the Permitted Holders "beneficially own" (as defined in clause (A) above), directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Company or SCI LLC, than such other person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of the Company or SCI LLC, as the case may be;

(2) during any period of two consecutive years, individuals who at the beginning of such period constituted the board of directors of the Company or the similar governing body of SCI LLC, as the case may be (together with any new directors or members of such governing body, as the case may be, whose election by such board of directors of the Company or governing body of SCI LLC, as the case may be, or whose nomination for election by the shareholders of the Company or the members of SCI LLC, as the case may be, was approved by a vote of a majority of the directors of the Company or a majority of the members of the governing body of SCI LLC, as the case may be, then still in office who were either directors or members of such governing body, as the case may be, at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of the Company or a majority of the members of the governing body of SCI LLC, as the case may be, then in office;

(3) the adoption of a plan relating to the liquidation or dissolution of the Company or SCI LLC (other than a plan with respect to SCI LLC adopted solely for the purpose of reorganizing SCI LLC as a corporation); or

(4) the merger or consolidation of the Company or SCI LLC with or into another Person or the merger of another Person with or into the Company or SCI LLC, or the sale of all or substantially all the assets of the Company or SCI LLC to another Person (other than a Person that is controlled by the Permitted Holders), and, in the case of any such merger or consolidation, the securities of the Company or SCI LLC that are outstanding immediately prior to such transaction and which represent 100% of the aggregate voting power of the Voting Stock of the Company or SCI LLC are changed into or exchanged for cash, securities or property, unless pursuant to such transaction such securities are changed into or exchanged for, in addition to any other consideration, securities of the surviving Person or

transferee or a Person controlling such surviving Person or transferee that represent immediately after such transaction, at least a majority of the aggregate voting power of the Voting Stock of the surviving Person or transferee or a Person controlling such surviving Person or transferee.

In the event that at the time of such Change of Control the terms of the Bank Indebtedness restrict or prohibit the repurchase of exchange notes pursuant to this covenant, then prior to the mailing of the notice to Holders provided for in the immediately following paragraph but in any event within 30 days following any Change of Control, SCI LLC shall:

(1) repay in full all Bank Indebtedness or offer to repay in full all Bank Indebtedness and repay the Bank Indebtedness of each lender who has accepted such offer, or

(2) obtain the requisite consent under the agreements governing the Bank Indebtedness to permit the repurchase of the exchange notes as provided for in the immediately following paragraph.

Within 30 days following any Change of Control, the Issuers shall mail a notice to each Holder with a copy to the Trustee (the "Change of Control Offer") stating:

(1) that a Change of Control has occurred and that such Holder has the right to require the Issuers to purchase all or a portion (equal to $1,000 or an integral multiple thereof) of such Holder's exchange notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest and liquidated damages, if any, to the date of repurchase (subject to the right of Holders of record on the relevant record date to receive interest on the relevant interest payment date);

(2) the circumstances and relevant facts and financial information regarding such Change of Control;

(3) the repurchase date (which shall be no earlier than 30 days (or such shorter time period as may be permitted under applicable laws, rules and regulations) nor later than 60 days from the date such notice is mailed); and

(4) the instructions determined by the Issuers, consistent with this covenant, that a Holder must follow in order to have its exchange notes purchased.

The Issuers are not required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuers and purchases all exchange notes validly tendered and not withdrawn under such Change of Control Offer.

The Issuers will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of exchange notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture relating to Change of Control Offers, the Issuers will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

The Change of Control purchase feature is a result of negotiations between the Issuers and the Initial Purchasers. The Issuers have no present intention to engage in a transaction involving a Change of Control, although it is possible that they would decide to do so in the future. Subject to the limitations discussed below, the Issuers could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect the Issuers' capital structures or credit ratings. Restrictions on the ability of the Issuers to Incur additional Indebtedness are contained in the covenants described

under "--Certain Covenants--Limitation on Indebtedness." Such restrictions can only be waived with the consent of the Holders of a majority in principal amount of the exchange notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture does not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The occurrence of certain events which would constitute a Change of Control would constitute a default under the Credit Agreement. Future Senior Indebtedness of the Company may contain similar restrictions, provisions or prohibitions of certain events which would constitute a Change of Control or require such Senior Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuers to repurchase the exchange notes could cause a default under such Senior Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Company. Finally, the Issuers' ability to pay cash to the Holders upon a repurchase may be limited by the Issuers' then existing financial resources. There can be no assurance that the Issuers will have sufficient assets to satisfy their repurchase obligation under the exchange notes. The provisions under the Indenture relating to the Issuers' obligation to make an offer to repurchase the exchange notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the exchange notes and the initial notes taken together.

The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the assets of the Company or SCI LLC. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder to require the Issuers to repurchase such exchange notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company or SCI LLC taken as a whole to another Person or group may be uncertain.

CERTAIN COVENANTS

The Indenture contains covenants including, among others, the following:

LIMITATION ON INDEBTEDNESS. (a) The Company will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness; PROVIDED, HOWEVER, that the Company, SCI LLC or any Note Guarantor may Incur Indebtedness if on the date of such Incurrence and after giving effect thereto the Consolidated Coverage Ratio would be greater than 2.25:1.

(b) Notwithstanding the foregoing paragraph (a), the Company and, to the extent specified, its Restricted Subsidiaries may Incur the following Indebtedness:

(1) Bank Indebtedness of the Company, SCI LLC or any Note Guarantor and any Receivables Facility in an aggregate principal amount not to exceed $1.025 billion less the aggregate amount of all prepayments of principal applied to permanently reduce any such Indebtedness;

(2) Indebtedness in respect of a Receivables Facility in an aggregate principal amount not to exceed the lesser of (A) the amount of all prepayments of principal applied to permanently reduce Indebtedness under clause (1) of this paragraph (b) and (B) $100 million;

(3) Indebtedness of the Company owed to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owed to and held by the Company or any other Restricted Subsidiary; PROVIDED, HOWEVER, that (A) any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Indebtedness (except to the Company or another Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the issuer thereof, (B) if the Company or SCI LLC is the

obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the exchange notes and the initial notes and (C) if a Note Guarantor is the obligor, such Indebtedness is subordinated in right of payment to the Note Guarantee and the Guarantee of the initial notes of such Note Guarantor;

(4) Indebtedness represented by the Junior Subordinated Note, the exchange notes, the initial notes, the Note Guarantees, the Guarantees of the initial notes, and any replacement notes issued pursuant to the Indenture;

(5) Indebtedness outstanding on the Closing Date (other than the Indebtedness described in clause (2), (3) or (4) of this paragraph (b));

(6) Indebtedness consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness described in the foregoing paragraph (a) and in clauses (4), (5), (6), (7), (10) and (13) of this paragraph (b);

(7) Indebtedness consisting of Guarantees of (A) any Indebtedness permitted under paragraph (a), so long as the Person providing the Guarantee is a Note Guarantor or (B) any Indebtedness permitted under this paragraph (b);

(8) Indebtedness of the Company or any of its Restricted Subsidiaries in respect of worker's compensation claims, self-insurance obligations, performance bonds, bankers' acceptances, letters of credit, surety, appeal or similar bonds and completion guarantees provided by the Company and the Restricted Subsidiaries in the ordinary course of their business; PROVIDED, HOWEVER, that upon the drawing of letters of credit for reimbursement obligations, including with respect to workers' compensation claims, or the Incurrence of other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims, such obligations are reimbursed within 30 days following such drawing or Incurrence;

(9) Indebtedness under Interest Rate Agreements and Currency Agreements entered into for bona fide hedging purposes of the Company in the ordinary course of business;

(10) Purchase Money Indebtedness, mortgage financings and Capitalized Lease Obligations, in each case Incurred by the Company, SCI LLC or any Restricted Subsidiary for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Permitted Business, and in an aggregate principal amount not in excess of $25 million at any one time outstanding.

(11) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; PROVIDED, HOWEVER, that such Indebtedness is extinguished within five business days of Incurrence;

(12) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of the Company or any Restricted Subsidiary; PROVIDED that (A) the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company and its Subsidiaries in connection with such disposition and (B) such Indebtedness is not reflected in the balance sheet of the Company or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (B));

(13) Indebtedness of the Company or any of its Restricted Subsidiaries that is Acquired Debt in an aggregate principal amount at any time outstanding not to exceed $25 million; or

(14) Indebtedness (other than Indebtedness permitted to be Incurred pursuant to the foregoing paragraph (a) or any other clause of this paragraph (b)) of the Company or any Restricted Subsidiary in an aggregate principal amount (or accreted value, as applicable) on the date of Incurrence that, when added to all other Indebtedness Incurred pursuant to this clause (14) and then outstanding, shall not exceed $50 million, of which up to $25 million may be Incurred by Restricted Subsidiaries that are not Note Guarantors.

(c) Notwithstanding the foregoing, neither the Company nor SCI LLC may Incur any Indebtedness pursuant to paragraph (b) above if the proceeds thereof are used, directly or indirectly, to repay, prepay, redeem, defease, retire, refund or refinance any Subordinated Obligations of such Person in reliance on clause (2) of paragraph (b) of the covenant described under "--Limitation on Restricted Payments" unless such Indebtedness will be subordinated to the exchange notes and the initial notes to at least the same extent as such Subordinated Obligations. Neither the Company nor SCI LLC may Incur any Indebtedness if such Indebtedness is subordinated or junior in right of payment to any Senior Indebtedness unless such Indebtedness is Senior Subordinated Indebtedness or is expressly subordinated in right of payment to Senior Subordinated Indebtedness. In addition, neither the Company nor SCI LLC may Incur any Secured Indebtedness that is not Senior Indebtedness unless contemporaneously therewith effective provision is made to secure the exchange notes and the initial notes equally and ratably with (or on a senior basis to, in the case of Indebtedness subordinated in right of payment to the exchange notes and the initial notes) such Secured Indebtedness for so long as such Secured Indebtedness is secured by a Lien. A Note Guarantor may not Incur any Indebtedness if such Indebtedness is by its terms expressly subordinated or junior in right of payment ranking in any respect to any Senior Indebtedness of such Note Guarantor unless such Indebtedness is Senior Subordinated Indebtedness of such Note Guarantor or is expressly subordinated in right of payment to Senior Subordinated Indebtedness of such Note Guarantor. In addition, a Note Guarantor shall not Incur any Secured Indebtedness that is not Senior Indebtedness of such Note Guarantor unless contemporaneously therewith effective provision is made to secure the Note Guarantee and the Guarantee of the initial notes of such Note Guarantor equally and ratably with (or on a senior basis to, in the case of Indebtedness subordinated in right of payment to such Note Guarantee) such Secured Indebtedness for as long as such Secured Indebtedness is secured by a Lien.

(d) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rates of currencies. For purposes of determining compliance with this covenant:

(1) Indebtedness Incurred pursuant to the Credit Agreement prior to or on the Closing Date shall be treated as Incurred pursuant to clause (1) of paragraph (b) above,

(2) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness,

(3) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in this covenant, the Company, in its sole discretion, shall classify such Indebtedness and only be required to include the amount of such Indebtedness in one of such clauses, and

(4) the aggregate amount of any Indebtedness Guaranteed pursuant to clause (7) of paragraph (b) will be included in the calculation of Indebtedness but the corresponding amount of the Guarantee will not be so included.

(e) Accrual of interest, the accretion of accreted value and the payment of interest in the form of additional Indebtedness will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant.

(f) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term debt, or first committed, in the case of revolving credit debt; PROVIDED, that (1) the U.S. dollar-equivalent principal amount of any such Indebtedness outstanding or committed on the Closing Date shall be calculated based on the relevant currency exchange rate in effect on August 1, 1999, and (2) if such Indebtedness is Incurred to Refinance other Indebtedness denominated in a foreign currency, and such Refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such Refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being Refinanced. The principal amount of any Indebtedness Incurred to Refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being Refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such Refinancing.

(g) The Company will not, and will not permit SCI LLC to, make any amendment to the Junior Subordinated Note which (1) makes the Junior Subordinated Note subordinated in right of payment to the exchange notes and the initial notes to a lesser extent than on the Closing Date or (2) results or could result in any cash payment of principal, premium or interest in respect of the Junior Subordinated Note becoming due at any time prior to the date such payment would have been required in accordance with the terms of the Junior Subordinated Note as in effect on the Closing Date.

LIMITATION ON RESTRICTED PAYMENTS. (a) The Company will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company) or similar payment to the direct or indirect holders of its Capital Stock except dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock) and except dividends or distributions payable to the Company or another Restricted Subsidiary (and, if such Restricted Subsidiary has shareholders other than the Company or other Restricted Subsidiaries, to its other shareholders on a pro rata basis),

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or another Restricted Subsidiary, other than the making of a Permitted Investment,

(3) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment any Subordinated Obligations (other than the purchase, repurchase or other acquisition of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of acquisition),

(4) make any Investment (other than a Permitted Investment) in any Person, or

(5) make or pay any interest or other distribution on the Junior Subordinated Note except interest or other distributions payable solely in Capital Stock (other than Disqualified Stock) or additional Junior Subordinated Notes,

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Investment described in and not excluded from clauses (1) through (5) being herein referred to as a "Restricted Payment"),

if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(A) a Default will have occurred and be continuing (or would result therefrom);

(B) the Company could not Incur at least $1.00 of additional Indebtedness under paragraph (a) of the covenant described under "--Limitation on Indebtedness"; or

(C) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be determined in good faith by the Board of Directors, whose determination will be conclusive and evidenced by a resolution of the Board of Directors) declared or made subsequent to the Closing Date would exceed the sum of (without duplication):

(i) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from the beginning of the fiscal quarter immediately following the fiscal quarter during which the Closing Date occurs to the end of the most recent fiscal quarter for which internal financial statements are available ending prior to the date of such Restricted Payment (or, in case such Consolidated Net Income will be a deficit, minus 100% of such deficit);

(ii) the aggregate Qualified Proceeds received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock) subsequent to the Closing Date (other than an issuance or sale to (x) a Subsidiary of the Company or (y) an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries for the benefit of its employees to the extent that the purchase by such plan or trust is financed by Indebtedness of such plan or trust owed to the Company or any of its Subsidiaries or Indebtedness Guaranteed by the Company or any of its Subsidiaries);

(iii) 100% of the aggregate Qualified Proceeds received by the Company from the issuance or sale of debt securities of the Company or Disqualified Stock of the Company that after the Closing Date have been converted into or exchanged for Capital Stock (other than Disqualified Stock) of the Company (other than an issuance or sale to a Subsidiary of the Company or an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries for the benefit of its employees to the extent that the purchase by such plan or trust is financed by Indebtedness of such plan or trust owed to the Company or any of its Subsidiaries or Indebtedness Guaranteed by the Company or any of its Subsidiaries (less the amount of any cash or the Fair Market Value of any property distributed by the Company or any Restricted Subsidiary upon such conversion or exchange); PROVIDED, HOWEVER, that no amount will be included in this clause (iii) to the extent it is already included in Consolidated Net Income;

(iv) in the case of any Investment by the Company or any Restricted Subsidiary (other than any Permitted Investment) made after the Closing Date, the disposition of such Investment by, or repayment of such Investment to, the Company or a Restricted Subsidiary or the receipt by the Company or any Restricted Subsidiary of any dividends or distributions from such Investment, an aggregate amount equal to the lesser of (x) the aggregate amount of such Investment treated as a Restricted Payment pursuant to clause (4) above and (y) the aggregate amount in cash received by the Company or any Restricted Subsidiary upon such disposition, repayment, dividend or

distribution; PROVIDED, HOWEVER, that no amount will be included in this clause (iv) to the extent it is already included in Consolidated Net Income;

(v) in the event the Company or any Restricted Subsidiary makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, an amount equal to the Company's or any Restricted Subsidiary's existing Investment in such Person that was previously treated as a Restricted Payment pursuant to clause (4) above; PROVIDED, HOWEVER, that such Person is engaged in a Permitted Business; and

(vi) the amount equal to the sum of (x) the net reduction in Investments in Unrestricted Subsidiaries resulting from payments of dividends, repayments of the principal of loans or advances or other transfers of assets to the Company or any Restricted Subsidiary from Unrestricted Subsidiaries and (y) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is redesignated a Restricted Subsidiary; PROVIDED, HOWEVER, that the foregoing sum shall not exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary and treated as a Restricted Payment pursuant to clause (4) above.

(b) The provisions of the foregoing paragraph (a) will not prohibit:

(1) any purchase, repurchase, redemption or other acquisition or retirement for value of Capital Stock of the Company or any Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent sale of, other Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of the Company or an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries for the benefit of its employees to the extent that the purchase by such plan or trust is financed by Indebtedness of such plan or trust owed to the Company or any of its Subsidiaries or Indebtedness Guaranteed by the Company or any of its Subsidiaries); PROVIDED, HOWEVER, that:

(A) such Restricted Payment will be excluded from the calculation of the amount of Restricted Payments, and

(B) the Net Cash Proceeds from such sale applied in the manner set forth in this clause (1) will be excluded from the calculation of amounts under clause (C)(ii) of paragraph (a) above;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations of the Company or any Restricted Subsidiary, other than the Junior Subordinated Note, made by exchange for, or out of the proceeds of the substantially concurrent sale of, Indebtedness that is permitted to be Incurred pursuant to paragraph (b) of the covenant described under "--Limitation on Indebtedness"; PROVIDED, HOWEVER, that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value will be excluded from the calculation of the amount of Restricted Payments;

(3) the repurchase, redemption or other acquisition or retirement for value of Disqualified Stock of the Company or any Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent sale of, Disqualified Stock of the Company or any Restricted Subsidiary that is permitted to be Incurred pursuant to the covenant described under "--Limitation on Indebtedness"; PROVIDED, HOWEVER, that such repurchase, redemption or other acquisition or retirement for value will be excluded from the calculation of the amount of Restricted Payments;

(4) any purchase or redemption of Subordinated Obligations from Net Available Cash to the extent permitted by the covenant described under "--Limitation on Sales of Assets and Subsidiary Stock"; PROVIDED, HOWEVER, that such purchase or redemption will be excluded from the calculation of the amount of Restricted Payments;

(5) upon the occurrence of a Change of Control and within 60 days after the completion of the offer to repurchase the exchange notes pursuant to the covenant described under "Change of Control" above (including the purchase of the exchange notes tendered), any purchase or redemption of Subordinated Obligations required pursuant to the terms thereof as a result of such Change of Control at a purchase or redemption price not to exceed the outstanding principal amount thereof, plus any accrued and unpaid interest; PROVIDED, HOWEVER, that (A) at the time of such purchase, no Default or Event of Default shall have occurred and be continuing (or would result therefrom), (B) the Company would be able to Incur at least $1.00 of additional Indebtedness under paragraph (a) of the covenant described under "--Limitation on Indebtedness" above after giving pro forma effect to such Restricted Payment and (C) such purchase or redemption will be included in the calculation of the amount of Restricted Payments;

(6) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with this covenant; PROVIDED, HOWEVER, that such dividend will be included in the calculation of the amount of Restricted Payments (without duplication for declaration);

(7) the repurchase, redemption or other acquisition or retirement for value of Capital Stock of the Company or any of its Subsidiaries from employees, former employees, directors or former directors of the Company or any of its Subsidiaries (or permitted transferees of such employees, former employees, directors or former directors), pursuant to the terms of agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell or are granted the option to purchase or sell, shares of such Capital Stock; PROVIDED, HOWEVER, that the aggregate amount of such repurchases shall not exceed $2 million in any calendar year; PROVIDED FURTHER, HOWEVER, that such repurchases, redemptions and other acquisitions or retirements for value will be excluded from the calculation of the amount of Restricted Payments;

(8) the declaration and payment of any dividend (or the making of any similar distribution or redemption) to the holders of any class or series of Disqualified Stock of the Company, or SCI LLC or a Note Guarantor issued or Incurred after the Closing Date in accordance with the covenant described under "--Limitation on Indebtedness"; PROVIDED that no Default or Event of Default shall have occurred and be continuing immediately after making such declaration or payment; and PROVIDED, FURTHER, that such payment will be excluded from the calculation of the amount of Restricted Payments; and PROVIDED FURTHER that under no circumstances shall this clause (8) allow the payment of any dividend (or the making of any similar distribution or redemption) to the holders of any SCG Holding Preferred Stock;

(9) cash payments in lieu of fractional shares issuable as dividends on Preferred Stock of the Company or any of its Restricted Subsidiaries; PROVIDED that such cash payments shall not exceed $20,000 in the aggregate in any twelve-month period and no Default or Event of Default shall have occurred and be continuing immediately after such cash payments; and PROVIDED, FURTHER, that such cash payments will be excluded from the calculation of the amount of Restricted Payments;

(10) certain payments made in connection with our recapitalization and the related transactions; or

(11) other Restricted Payments in an aggregate amount not to exceed $20 million.

LIMITATION ON RESTRICTIONS ON DISTRIBUTIONS FROM RESTRICTED SUBSIDIARIES. The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any of its Restricted Subsidiaries;

(2) make any loans or advances to the Company or any of its Restricted Subsidiaries; or

(3) transfer any of its property or assets to the Company or any of its Restricted Subsidiaries, except:

(A) any encumbrance or restriction pursuant to applicable law, regulation, order or an agreement in effect at or entered into on the Closing Date;

(B) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement relating to any Indebtedness Incurred by such Restricted Subsidiary prior to the date on which such Restricted Subsidiary was acquired by the Company (other than Indebtedness Incurred as consideration in, in contemplation of, or to provide all or any portion of the funds or credit support utilized to consummate the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was otherwise acquired by the Company) and outstanding on such date;

(C) any encumbrance or restriction pursuant to an agreement effecting a Refinancing of Indebtedness Incurred pursuant to an agreement referred to in clause (A) or (B) of this covenant or this clause (C) or contained in any amendment to an agreement referred to in clause (A) or (B) of this covenant or this clause (C); PROVIDED, HOWEVER, that the encumbrances and restrictions contained in any agreement or amendment relating to such Refinancing are no less favorable to the Holders than the encumbrances and restrictions contained in the agreements relating to the Indebtedness so Refinanced;

(D) any encumbrance or restriction

(i) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or

(ii) that is contained in security agreements securing Indebtedness of a Restricted Subsidiary to the extent such encumbrance or restriction restricts the transfer of the property subject to such security agreements;

(E) with respect to a Restricted Subsidiary, any restriction imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition;

(F) contracts for the sale of assets containing customary restrictions with respect to a Subsidiary pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Subsidiary;

(G) agreements for the sale of assets containing customary restrictions with respect to such assets;

(H) restrictions relating to the common stock of Unrestricted Subsidiaries or Persons other than Subsidiaries;

(I) encumbrances or restrictions existing under or by reason of provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements entered into in the ordinary course of business;

(J) encumbrances or restrictions existing under or by reason of restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and

(K) any encumbrance or restriction existing under or by reason of a Receivables Facility or other contractual requirements of a Receivables Facility permitted pursuant to the covenant described under "--Limitation on Indebtedness"; PROVIDED that such restrictions apply only to such Receivables Facility.

LIMITATION ON SALES OF ASSETS AND SUBSIDIARY STOCK. (a) The Company will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming sole responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the Fair Market Value of the shares and assets subject to such Asset Disposition,

(2) at least 80% of the consideration thereof received by the Company or such Restricted Subsidiary is in the form of cash, Temporary Cash Investments or other Qualified Proceeds (PROVIDED that the aggregate Fair Market Value of Qualified Proceeds (other than cash and Temporary Cash Investments) shall not exceed $10 million since the Closing Date) and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company (or such Restricted Subsidiary, as the case may be)

(A) FIRST, (x) to the extent the Company elects (or is required by the terms of any Indebtedness), to prepay, repay, redeem or purchase Senior Indebtedness of the Company or Indebtedness (other than any Disqualified Stock) of a Wholly Owned Subsidiary (in each case other than Indebtedness owed to the Company or an Affiliate of the Company and other than Preferred Stock) or (y) to the extent the Company or such Restricted Subsidiary elects, to acquire Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary), in each case, within one year from the later of such Asset Disposition or the receipt of such Net Available Cash; PROVIDED, HOWEVER, that pending the final application of any such Net Available Cash under clause (A), the Company or such Restricted Subsidiary may temporarily reduce amounts available under revolving credit facilities or invest such Net Available Cash in Temporary Cash Investments,

(B) SECOND, to the extent of the balance of such Net Available Cash after application in accordance with clause (A), to make an Offer (as defined below) to purchase exchange notes pursuant to and subject to the conditions set forth in paragraph (b) of this covenant; PROVIDED, HOWEVER, that if the Company elects (or is required by the terms of any other Senior Subordinated Indebtedness), such Offer

may be made ratably to purchase the exchange notes and other Senior Subordinated Indebtedness of the Company, and

(C) THIRD, to the extent of the balance of such Net Available Cash after application in accordance with clauses (A) and (B), for general corporate purposes;

PROVIDED, HOWEVER that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clause (A), (B) or (C) above, the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased.

Notwithstanding the foregoing provisions of this covenant, the Company and the Restricted Subsidiaries will not be required to apply any Net Available Cash in accordance with this covenant except to the extent that the aggregate Net Available Cash from all Asset Dispositions that is not applied in accordance with this covenant exceeds $10 million.

For the purposes of clause (2) above of this covenant only, the following are deemed to be cash:

- the assumption of any liabilities (as shown on the Company's or a Restricted Subsidiary's most recent balance sheet) of the Company or any such Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the exchange notes or any Note Guarantee) pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability in connection with such Asset Disposition and

- any securities or other obligations received by the Company or any Restricted Subsidiary from the transferee that are converted within 90 days of receipt by the Company or such Restricted Subsidiary into cash.

(b) In the event of an Asset Disposition that requires the purchase of exchange notes (and other Senior Subordinated Indebtedness) pursuant to clause (a)(3)(C) of this covenant, the Company will be required to purchase exchange notes (and other Senior Subordinated Indebtedness) tendered pursuant to an offer by the Company to Holders for the exchange notes (and other Senior Subordinated Indebtedness) (the "Offer") at a purchase price of 100% of their principal amount (without premium) plus accrued and unpaid interest (or, in respect of such other Senior Subordinated Indebtedness, such lesser price, if any, as may be provided for pursuant to the terms thereof), to the date of purchase (subject to the right of Holders of record on the relevant date to receive interest due on the relevant interest payment date) in accordance with the procedures (including prorating in the event of oversubscription), set forth in the Indenture. If the aggregate purchase price of exchange notes (and other Senior Subordinated Indebtedness) tendered pursuant to the Offer is less than the Net Available Cash allotted to the purchase of the exchange notes (and other Senior Subordinated Indebtedness), the Company will apply the remaining Net Available Cash in accordance with clause (a)(3)(C) of this covenant. The Company will not be required to make an Offer for exchange notes (and other Senior Subordinated Indebtedness) pursuant to this covenant if the Net Available Cash available therefor (after application of the proceeds as provided in clauses (a)(3)(A) and (B)) is less than $10 million for any particular Asset Disposition (which lesser amount will be carried forward for purposes of determining whether an Offer is required with respect to the Net Available Cash from any subsequent Asset Disposition).

(c) The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the

repurchase of exchange notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

LIMITATION ON TRANSACTIONS WITH AFFILIATES. (a) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an "Affiliate Transaction") unless such transaction is on terms:

(1) that are no less favorable (other than in immaterial respects) to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained at the time of such transaction in comparable arm's-length dealings with a Person who is not such an Affiliate,

(2) that, in the event such Affiliate Transaction involves an aggregate amount in excess of $5 million,

(A) are set forth in writing, and

(B) have been approved by a majority of the members of the Board of Directors having no personal stake in such Affiliate Transaction and,

(3) that, in the event such Affiliate Transaction involves an amount in excess of $15 million, have been determined by a nationally recognized appraisal or investment banking firm to be fair, from a financial standpoint, to the Company and its Restricted Subsidiaries.

(b) The provisions of the foregoing paragraph (a) will not prohibit:

(1) any Restricted Payment permitted to be paid pursuant to the covenant described under "--Limitation on Restricted Payments,"

(2) 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 plans approved by the Board of Directors,

(3) the grant of stock options or similar rights to officers, employees, consultants and directors of the Company pursuant to plans approved by the Board of Directors and the payment of amounts or the issuance of securities pursuant thereto,

(4) loans or advances to employees in the ordinary course of business consistent with prudent business practice, but in any event not to exceed $5 million in the aggregate outstanding at any one time,

(5) the payment of reasonable fees, compensation or employee benefit arrangements to and any indemnity provided for the benefit of directors, officers, consultants or employees of the Company or any Restricted Subsidiary in the ordinary course of business,

(6) any transaction between the Company and a Restricted Subsidiary or between Restricted Subsidiaries (SMP being deemed a Restricted Subsidiary solely for purposes of this clause (6) so long as the Company continues to own, directly or indirectly, at least 40% of the Voting Stock of SMP),

(7) payment of fees and expenses to TPG or its Affiliates in connection with our recapitalization and the related transactions on the terms described in this prospectus,

(8) the payment of management, consulting and advisory fees to TPG or its Affiliates made pursuant to any financial advisory, financing, underwriting or placement agreement or in

respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures, in an amount not to exceed $2 million in any calendar year and any related out-of-pocket expenses,

(9) the agreements we entered into with Motorola and its Affiliates in connection with our recapitalization as in effect on the Closing Date and on the terms described in this prospectus or any amendment or modification thereto or replacement thereof so long as any such amendment, modification or replacement thereof is not more disadvantageous to the Holders in any material respect than the related agreement as in effect on the Closing Date,

(10) transactions with customers, suppliers, contractors, joint venture partners or purchasers or sellers of goods or services, in each case which are in the ordinary course of business (including, without limitation, pursuant to joint venture agreements) and otherwise in compliance with the terms of the Indenture, and which are fair to the Company or its Restricted Subsidiaries, as applicable, in the reasonable determination of the Board of Directors or the senior management of the Company or its Restricted Subsidiaries, as applicable or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party, or

(11) any transaction effected in connection with a Receivables Facility permitted under the covenant "--Limitations on Indebtedness."

LIMITATION ON THE SALE OR ISSUANCE OF CAPITAL STOCK OF RESTRICTED SUBSIDIARIES. The Company will not sell or otherwise dispose of any shares of Capital Stock of a Restricted Subsidiary, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell or otherwise dispose of any shares of its Capital Stock except:

(1) to the Company or another Restricted Subsidiary;

(2) if, immediately after giving effect to such issuance, sale or other disposition, neither the Company nor any of its Restricted Subsidiaries own any Capital Stock of such Restricted Subsidiary;

(3) if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such Person remaining after giving effect thereto would have been permitted to be made under the covenant described under "--Limitation on Restricted Payments" if made on the date of such issuance, sale or other disposition;

(4) directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary; or

(5) in the case of a Restricted Subsidiary other than a wholly owned Restricted Subsidiary, the issuance by that Restricted Subsidiary of Capital Stock on a PRO RATA basis to the Company and its Restricted Subsidiaries, on the one hand, and minority shareholders of the Restricted Subsidiary, on the other hand (or on less than a PRO RATA basis to any minority shareholder if the minority holder does not acquire its PRO RATA amount), so long as the Company or another Restricted Subsidiary owns and controls at least the same percentage of the Voting Stock of, and economic interest in, such Restricted Subsidiary as prior to such issuance.

The cash proceeds of any sale of Capital Stock permitted under clauses (2) and (3) will be treated as Net Available Cash from an Asset Disposition and must be applied in accordance with the terms of the covenant described under "--Limitation on Sales of Assets and Subsidiary Stock."

COMMISSION REPORTS. The Company will provide the Trustee, within 15 days after it files them with the SEC, copies of its annual report and the information, documents and other reports that are specified in Sections 13 and 15(d) of the Exchange Act. In addition, following a Public Equity Offering, the Company shall furnish to the Trustee, promptly upon their becoming available, copies of the annual report to shareholders and any other information provided by the Company to its public shareholders generally. The Company also will comply with the other provisions of Section 314(a) of the TIA.

FUTURE NOTE GUARANTORS. The Company will cause (1) each Domestic Subsidiary and (2) each Foreign Subsidiary that enters into or has outstanding a Guarantee of any other Indebtedness of the Company or any Domestic Subsidiary, if the aggregate principal amount of Indebtedness of the Company and its Domestic Subsidiaries Guaranteed by all Foreign Subsidiaries exceeds $25 million, to become a Note Guarantor, and, if applicable, execute and deliver to the Trustee a supplemental indenture in the form set forth in the Indenture pursuant to which such Subsidiary will Guarantee payment of the exchange notes. Each Note Guarantee will be limited to an amount not to exceed the maximum amount that can be Guaranteed by that Note Guarantor, without rendering the Note Guarantee, as it relates to such Note Guarantor voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

LIMITATION ON LINES OF BUSINESS. The Company will not, and will not permit any Restricted Subsidiary (other than a Receivables Subsidiary) to, engage in any business, other than a Permitted Business.

MERGER AND CONSOLIDATION

(a) The Company and SCI LLC each will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Company") will be a corporation or, subject to the proviso below, a partnership or limited liability company, in each case organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and the Successor Company (if not the Company or SCI LLC, as the case may be) will expressly assume, by a supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company or SCI LLC, as the case may be, under the exchange notes and the Indenture; PROVIDED, HOWEVER, that at all times, at least one Issuer must be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia;

(2) immediately after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any Restricted Subsidiary as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction), no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, the Successor Company would be able to Incur at least $1.00 of additional Indebtedness under paragraph (a) of the covenant described under "--Certain Covenants--Limitation on Indebtedness"; and

(4) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company or SCI LLC, as the case may be, under the Indenture.

(b) In addition, the Company will not permit any Note Guarantor to consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets to any Person unless:

(1) in the case of any Note Guarantor that is a Domestic Subsidiary, the resulting, surviving or transferee Person will be a corporation, partnership or limited liability company organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and such Person (if not such Note Guarantor) will expressly assume, by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of such Note Guarantor under its Note Guarantee;

(2) immediately after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been Incurred by such Person at the time of such transaction), no Default shall have occurred and be continuing; and

(3) the Company will have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture;

PROVIDED, HOWEVER, that the foregoing shall not apply to any such consolidation or merger with or into, or conveyance, transfer or lease to, any Person if the resulting, surviving or transferee Person will not be a Subsidiary of the Company and the other terms of the Indenture, including the covenant described under "--Certain Covenants--Limitations on Sales of Assets and Subsidiary Stock," are complied with.

(c) Notwithstanding the foregoing:

(1) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Company or SCI LLC;

(2) the Company may merge with an Affiliate incorporated or organized solely for the purpose of reincorporating or reorganizing the Company in another jurisdiction to realize tax or other benefits;

(3) nothing in the indenture limits any conveyance, transfer or lease of assets between or among any of the Company, SCI LLC and the Note Guarantors; and

(4) the foregoing clause 3 of paragraph (a) above does not prohibit (A) a merger between the Company and a Person that owns all of the Capital Stock of the Company created solely for the purpose of holding the Capital Stock of the Company or (B) a merger between SCI LLC and a Person that owns all of the Capital Stock of SCI LLC created solely for the purpose of holding the Capital Stock of SCI LLC; PROVIDED, HOWEVER, that the other terms of paragraph (a) above are complied with.

DEFAULTS

Each of the following is an Event of Default:

(1) a default in any payment of interest on any exchange note or initial note or in any payment of liquidated damages with respect thereto, whether or not prohibited by the provisions described under "--Ranking" above, continued for 30 days,

(2) a default in the payment of principal of any exchange note or initial note when due and payable at its Stated Maturity, upon required redemption or repurchase, upon declaration or otherwise, whether or not such payment is prohibited by the provisions described under "--Ranking" above,

(3) the failure by the Company, SCI LLC or any Note Guarantor to comply with its obligations under the covenant described under "--Merger and Consolidation" above,

(4) the failure by the Company, SCI LLC or any Note Guarantor to comply for 30 days after notice with any of their obligations under the covenants described under "--Change of Control" or "--Certain Covenants" above (in each case, other than a failure to purchase Notes),

(5) the failure by the Company, SCI LLC or any Note Guarantor to comply for 60 days after notice with its other agreements contained in the Notes or the Indenture,

(6) the failure by the Company or any Restricted Subsidiary to pay any Indebtedness within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default if the total amount of such Indebtedness unpaid or accelerated exceeds $25 million or its foreign currency equivalent (the "cross acceleration provision") and such failure continues for 10 days after receipt of the notice specified in the Indenture,

(7) certain events of bankruptcy, insolvency or reorganization of the Company, SCI LLC or any other Significant Subsidiary (the "bankruptcy provisions"),

(8) with respect to any judgment or decree for the payment of money in excess of $25 million or its foreign currency equivalent against the Company or any Restricted Subsidiary:

(A) the commencement of an enforcement proceeding thereon by any creditor if such judgment or decree is final and nonappealable and the failure by the Company or such Restricted Subsidiary, as applicable, to stay such proceeding within 10 days thereafter or

(B) the failure by the Company or such Restricted Subsidiary, as applicable, to pay such judgment or decree, which judgment or decree has remained outstanding for a period of 60 days following such judgment or decree without being paid, discharged, waived or stayed (the "judgment default provision");

(9) any Note Guarantee or Guarantee of any initial note of any Significant Subsidiary ceases to be in full force and effect (except as contemplated by the terms thereof) or any Significant Subsidiary that is a Note Guarantor, Guarantor of an initial note or Person acting by or on behalf of such Significant Subsidiary denies or disaffirms such Significant Subsidiary's obligations under the Indenture, any Note Guarantee or any Guarantee of any initial note and such Default continues for 10 days after receipt of the notice specified in the Indenture.

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

However, a default under clauses (4), (5), (6) or (9) will not constitute an Event of Default until the Trustee notifies the Issuers or the Holders of at least 25% in principal amount of the outstanding exchange notes and initial notes taken together notify the Issuers and the Trustee of the default and the Issuers, the relevant Note Guarantor or Guarantee of any initial note, as applicable, do not cure such default within the time specified after receipt of such notice.

The Holders of a majority in aggregate principal amount of the exchange notes and initial notes taken together and then outstanding by notice to the Trustee may on behalf of the Holders of all of the exchange notes and initial notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the exchange notes or the initial notes.

If an Event of Default (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company or SCI LLC) occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the outstanding exchange notes and initial notes taken together by notice to the Issuers may declare the principal of and accrued but unpaid interest on all the exchange notes and initial notes to be due and payable. Upon such a declaration, such principal and interest will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company or SCI LLC occurs, the principal of and interest on all the exchange notes and initial notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Under certain circumstances, the Holders of a majority in principal amount of the outstanding exchange notes and initial notes may rescind any such acceleration with respect to the exchange notes and initial notes and its consequences.

In the event of a declaration of acceleration of the exchange notes and initial notes because an Event of Default has occurred and is continuing as a result of the acceleration of any Indebtedness described in clause (6) of the fourth preceding paragraph, the declaration of acceleration of the exchange notes and initial notes shall be automatically annulled if the holders of any such Indebtedness have rescinded the declaration of acceleration in respect of such Indebtedness within 30 days of the date of such acceleration and if (1) the annulment of the acceleration of the exchange notes and initial notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal or interest on the exchange notes or initial notes that became due solely because of the acceleration of the exchange notes and initial notes, have been cured or waived.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Holder may pursue any remedy with respect to the Indenture or the exchange notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing,

(2) Holders of at least 25% in principal amount of the outstanding exchange notes and initial notes taken together have requested the Trustee in writing to pursue the remedy,

(3) such Holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense,

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity and

(5) the Holders of a majority in principal amount of the outstanding exchange notes and initial notes taken together have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding exchange notes and initial notes taken together will be given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking

any action under the Indenture, the Trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

If a Default occurs and is continuing and is known to the Trustee, the Trustee must mail to each Holder notice of the Default within the earlier of 90 days after it occurs or 30 days after it is known to a Trust Officer or written notice of it is received by the Trustee. Except in the case of a Default in the payment of principal of, premium (if any) or interest on any exchange note or initial note (including payments pursuant to the redemption provisions of such exchange note or initial note, as applicable), the Trustee may withhold notice if and so long as a committee of its Trust Officers in good faith determines that withholding notice is in the interests of the Holders. In addition, the Issuers will be required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuers will also be required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event which would constitute certain Events of Default, their status and what action the Issuers are taking or propose to take in respect thereof.

AMENDMENTS AND WAIVERS

Subject to certain exceptions, the Indenture or the exchange notes may be amended with the written consent of the Holders of a majority in principal amount of the exchange notes and the initial notes taken together and then outstanding and any past default or compliance with any provisions may be waived with the consent of the Holders of a majority in principal amount of the exchange notes and the initial notes taken together and then outstanding. However, without the consent of each Holder of an outstanding exchange note affected, no amendment may, among other things:

(1) reduce the amount of exchange notes and initial notes whose Holders must consent to an amendment,

(2) reduce the rate of or extend the time for payment of interest on any exchange note,

(3) reduce the principal of or extend the Stated Maturity of any exchange note,

(4) reduce the premium payable upon the redemption of any exchange note or change the time at which any exchange note may be redeemed as described under "--Optional Redemption" above,

(5) make any exchange note payable in money other than that stated in the exchange note,

(6) make any change to the subordination provisions of the Indenture that adversely affects the rights of any Holder,

(7) impair the right of any Holder to receive payment of principal of, and interest or any liquidated damages on, such Holder's exchange notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's exchange notes,

(8) make any change in the amendment provisions which require each Holder's consent or in the waiver provisions, or

(9) modify the Note Guarantees in any manner adverse to the Holders.

Without the consent of any Holder, the Company and Trustee may amend the Indenture to:

- cure any ambiguity, omission, defect or inconsistency,

- provide for the assumption by a successor corporation of the obligations of either Issuer under the Indenture,

- provide for uncertificated exchange notes in addition to or in place of certificated exchange notes; PROVIDED, HOWEVER, that the uncertificated exchange notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated exchange notes are described in Section 163(f)(2)(B) of the Code,

- make any change in the subordination provisions of the Indenture that would limit or terminate the benefits available to any holder of Senior Indebtedness of the Issuers (or any Representative thereof) under such subordination provisions,

- add additional Guarantees with respect to the exchange notes,

- secure the exchange notes,

- add to the covenants of the Issuers for the benefit of the Holders or to surrender any right or power conferred upon the Company,

- make any change that does not adversely affect the rights of any Holder, subject to the provisions of the Indenture,

- provide for the issuance of the exchange notes or

- comply with any requirement of the Commission in connection with the qualification of the Indenture under the TIA.

However, no amendment may be made to the subordination provisions of the Indenture that adversely affects the rights of any holder of Senior Indebtedness of either Issuer then outstanding unless the holders of such Senior Indebtedness (or any group or representative thereof authorized to give a consent) consent to such change.

The consent of the Holders will not be necessary to approve the particular form of any proposed amendment. It will be sufficient if such consent approves the substance of the proposed amendment.

After an amendment becomes effective, the Issuers are required to mail to Holders a notice briefly describing such amendment. However, the failure to give such notice to all Holders, or any defect therein, will not impair or affect the validity of the amendment.

NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND STOCKHOLDERS

No director, officer, employee, stockholder, member or incorporator of the Company, SCI LLC or the Note Guarantors, as such, shall have any liability for any obligations of the Issuers or the Note Guarantors under the exchange notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting an exchange note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the exchange notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

DEFEASANCE

The Issuers may at any time terminate all their obligations under the exchange notes and the Indenture ("legal defeasance"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the exchange notes, to replace mutilated, destroyed, lost or stolen exchange notes and to maintain a registrar and paying agent in respect of the exchange notes. In addition, the Issuers may at any time terminate:

(1) their obligations under the covenants described under "--Certain Covenants", and

(2) the operation of the cross acceleration provision, the bankruptcy provisions with respect to Significant Subsidiaries and the judgment default provision described under "--Defaults" above and the limitations contained in clause (3) under paragraph (a) of the covenant described under "--Merger and Consolidation" above ("covenant defeasance").

In the event that the Issuers exercise their legal defeasance option or their covenant defeasance option, each Note Guarantor will be released from all of their obligations with respect to its Note Guarantee.

The Issuers may exercise their legal defeasance option notwithstanding their prior exercise of their covenant defeasance option. If the Issuers exercise their legal defeasance option, payment of the exchange notes may not be accelerated because of an Event of Default with respect thereto. If the Issuers exercise their covenant defeasance option, payment of the exchange notes may not be accelerated because of an Event of Default specified in clause (4), (6), (7) (with respect only to Significant Subsidiaries), (8) (with respect only to Significant Subsidiaries) or (9) under "--Defaults" above or because of the failure of the Company to comply with clause (3) under paragraph (a) of the covenant described under "--Merger and Consolidation" above.

In order to exercise either defeasance option, the Issuers must irrevocably deposit in trust (the "defeasance trust") with the Trustee money in an amount sufficient or U.S. Government Obligations, the principal of and interest on which will be sufficient, or a combination thereof sufficient, to pay the principal, premium (if any) and interest on the exchange notes to redemption or maturity, as the case may be, including interest thereon to maturity or such redemption date, and must comply with certain other conditions, including delivery to the Trustee of an Opinion of Counsel to the effect that Holders will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit and defeasance and will be subject to Federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or other change in applicable Federal income tax law).

CONCERNING THE TRUSTEE

State Street Bank and Trust Company is the Trustee under the Indenture and has been appointed by the Company as Registrar, Paying Agent and Exchange Agent with regard to the exchange notes.

The Indenture provides that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Indenture and the provisions of the TIA contain certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payments of claims in certain cases

or to realize on certain property received in respect of any such claim as security or otherwise. Subject to the TIA, the Trustee will be permitted to engage in other transactions; PROVIDED that, if the Trustee acquires any conflicting interest as described in the TIA, it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

GOVERNING LAW

The Indenture and the exchange notes are governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

CERTAIN DEFINITIONS

"Acquired Debt" means, with respect to any specified Person, (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, including, without limitation, Indebtedness Incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Restricted Subsidiary of such specified Person) and (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Additional Assets" means:

(1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Company or a Restricted Subsidiary in a Permitted Business;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or another Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary; PROVIDED, HOWEVER, that:

any such Restricted Subsidiary described in clauses (2) or (3) above is primarily engaged in a Permitted Business.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. For purposes of the provisions described under "--Certain Covenants--Limitation on Transactions with Affiliates" and "--Certain Covenants--Limitation on Sales of Assets and Subsidiary Stock" only, "Affiliate" shall also mean any beneficial owner of shares representing more than 10% of the total voting power of the Voting Stock (on a fully diluted basis) of the Company or of rights or warrants to purchase such Voting Stock (whether or not currently exercisable) and any Person who would be an Affiliate of any such beneficial owner pursuant to the first sentence hereof.

"Asset Disposition" means any sale, lease (other than an operating lease), transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Company or any Restricted Subsidiary, including any disposition by means of a merger, consolidation, or similar transaction (each referred to for the purposes of this definition as a "disposition"), of:

(1) any shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary) that have a Fair Market Value in excess of $5 million,

(2) all or substantially all the assets of any division or line of business of the Company or any Restricted Subsidiary or

(3) any other assets of the Company or any Restricted Subsidiary outside of the ordinary course of business of the Company or such Restricted Subsidiary

other than, in the case of (1), (2) and (3) above,

(A) disposition by the Company to a Restricted Subsidiary or by a Restricted Subsidiary to the Company or to another Restricted Subsidiary;

(B) an issuance of Capital Stock by a Subsidiary to the Company or to a Restricted Subsidiary;

(C) for purposes of the covenants described under "--Certain Covenants--Limitation on Sales of Assets and Subsidiary Stock" only, a disposition that constitutes a Restricted Payment permitted by the covenant described under "--Certain Covenants--Limitation on Restricted Payments";

(D) a disposition of assets with a Fair Market Value of less than $5 million;

(E) a Sale/Leaseback Transaction with respect to any assets within 90 days of the acquisition of such assets;

(F) a disposition of Temporary Cash Investments, the proceeds of which are used within five business days to make another Permitted Investment;

(G) a disposition of obsolete, uneconomical, negligible, worn out or surplus property or equipment in the ordinary course of business and the periodic clearance of aged inventory;

(H) any exchange of like-kind property of the type described in Section 1031 of the Code for use in a Permitted Business;

(I) the sale or disposition of any assets or property received as a result of a foreclosure by the Company or any of its Restricted Subsidiaries of any secured Investment or any other transfer of title with respect to any secured Investment in default;

(J) the licensing of intellectual property in the ordinary course of business or in accordance with industry practice;

(K) the sale or discount, in each case without recourse, of accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof; and

(L) a sale of accounts receivable and related assets pursuant to a Receivables Facility.

Notwithstanding the foregoing, the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "--Change of Control" and/or the provisions described above under the caption "Merger and Consolidation" and not by the provisions of the covenant described under the caption "--Certain Covenants--Limitation of Sales of Assets and Subsidiary Stock."

"Attributable Debt" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate implicit in such transaction, determined in accordance with GAAP) of the total obligations of the lessee for net rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended or may be, at the option of the lessor, extended).

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the number of years obtained by dividing:

(1) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or scheduled redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by

(2) the then outstanding sum of all such payments.

"Bank Indebtedness" means any and all amounts payable under or in respect of the Credit Agreement and any Refinancing Indebtedness with respect thereto, as amended from time to time, including principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company or SCI LLC whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees and all other amounts payable thereunder or in respect thereof. It is understood and agreed that Refinancing Indebtedness in respect of the Credit Agreement may be Incurred from time to time after termination of the Credit Agreement.

"Board of Directors" means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of the Board of Directors of the Company.

"Business Day" means each day which is not a Legal Holiday.

"Capitalized Lease Obligations" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Capital Stock" of any Person means any and all shares, partnership, membership or other interests, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock (but excluding any debt securities convertible into such equity) and any rights to purchase, warrants, options or similar interests with respect to the foregoing.

"Closing Date" means the date of the Indenture.

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

"Commission" means the Securities and Exchange Commission.

"Consolidated Coverage Ratio" as of any date of determination means the ratio of:

(1) the aggregate amount of EBITDA for the period of the most recent four consecutive fiscal quarters for which internal financial statements are available prior to the date of such determination to

(2) Consolidated Interest Expense for such four fiscal quarters;

PROVIDED, HOWEVER, that:

(A) if the Company or any Restricted Subsidiary has Incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, EBITDA and Consolidated Interest Expense for such

period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period (in each case other than Indebtedness Incurred under any revolving credit facility, in which case interest expense shall be computed based upon the average daily balance of such Indebtedness during the applicable period) and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period,

(B) if the Company or any Restricted Subsidiary has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case, if such Indebtedness has been permanently repaid and has not been replaced, other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness is permanently reduced, in which case interest expense shall be computed based upon the average daily balance of such Indebtedness during the applicable period) on the date of the transaction giving rise to the need to calculate the Consolidated Coverage Ratio, EBITDA and Consolidated Interest Expense for such period shall be calculated on a pro forma basis as if such discharge had occurred on the first day of such period and as if the Company or such Restricted Subsidiary has not earned any interest income actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness,

(C) if since the beginning of such period the Company or any Restricted Subsidiary shall have made any Asset Disposition, EBITDA for such period shall be reduced by an amount equal to EBITDA (if positive) directly attributable to the assets that are the subject of such Asset Disposition for such period or increased by an amount equal to EBITDA (if negative) directly attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Company or any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Company and its continuing Restricted Subsidiaries in connection with such Asset Disposition for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale),

(D) if since the beginning of such period the Company or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period, and

(E) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment

pursuant to clause (C) or (D) above if made by the Company or a Restricted Subsidiary during such period, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period.

For purposes of this definition, whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting Officer of the Company. Any such pro forma calculations shall reflect any pro forma expense and cost reductions attributable to such acquisitions, to the extent such expense and cost reduction would be permitted by the Commission to be reflected in pro forma financial statements included in a registration statement filed with the Commission.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense 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 Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of 12 months).

"Consolidated Interest Expense" means, for any period, the total interest expense of the Company and its Consolidated Restricted Subsidiaries, plus, to the extent Incurred by the Company or its Restricted Subsidiaries in such period but not included in such interest expense, without duplication:

(1) interest expense attributable to Capitalized Lease Obligations and the imputed interest with respect to Attributable Debt,

(2) amortization of debt discount,

(3) amortization of debt issuance costs (other than any such costs associated with the Bank Indebtedness, the initial notes, the exchange notes, the Junior Subordinated Note or otherwise associated with our recapitalization),

(4) capitalized interest,

(5) noncash interest expense other than any noncash interest expense in connection with the Junior Subordinated Note,

(6) commissions, discounts and other fees and charges attributable to letters of credit and bankers' acceptance financing,

(7) interest accruing on any Indebtedness of any other Person to the extent such Indebtedness is Guaranteed by the Company or any Restricted Subsidiary,

(8) net costs associated with Hedging Obligations (including amortization of fees) (other than any such costs associated with the Bank Indebtedness, the exchange notes, the Junior Subordinated Note or otherwise associated with the Transactions),

(9) dividends in respect of all Disqualified Stock of the Company and all Preferred Stock of any of the Restricted Subsidiaries of the Company, to the extent held by Persons other than the Company or another Restricted Subsidiary, other than accumulated but unpaid dividends on the SCG Holding Preferred Stock,

(10) interest Incurred in connection with investments in discontinued operations and

(11) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Company) in connection with Indebtedness Incurred by such plan or trust.

Notwithstanding anything to the contrary contained herein, commissions, discounts, yield and other fees and charges Incurred in connection with any transaction (including, without limitation, in connection with a Receivables Facility) pursuant to which the Company or any Subsidiary of the Company may sell, convey or otherwise transfer or grant a security interest in any accounts receivable or related assets as contemplated by the definition of "Receivables Facility" shall be included in Consolidated Interest Expense.

"Consolidated Net Income" means, for any period, the net income of the Company and its Consolidated Subsidiaries for such period determined in accordance with GAAP; PROVIDED, HOWEVER, that:

(1) any net income of any Person (other than the Company) if such Person is not a Restricted Subsidiary, shall be excluded from such Consolidated Net Income, except that:

(A) subject to the limitations contained in clause (4) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution made to a Restricted Subsidiary, to the limitations contained in clause (3) below) and

(B) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income;

(2) any net income (or loss) of any Person acquired by the Company or a Subsidiary in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded from such Consolidated Net Income;

(3) any net income (or loss) of any Restricted Subsidiary, to the extent that the declaration of dividends or similar distributions by such Restricted Subsidiary of that income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or is, directly or indirectly, restricted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary or its stockholders or other holders of its equity, shall be excluded from such Consolidated Net Income except that:

(A) subject to the limitations contained in clause (4) below, the Company's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution made to another Restricted Subsidiary, to the limitation contained in this clause) and

(B) the Company's equity in a net loss of any such Restricted Subsidiary for such period shall be included in determining such Consolidated Net Income;

(4) any gain (or loss) realized upon the sale or other disposition of any asset of the Company or its Consolidated Subsidiaries (including pursuant to any Sale/Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business and any gain (or loss) realized upon the sale or other disposition of any Capital Stock of any Person shall be excluded from such Consolidated Net Income (without regard to abandonments or reserves relating thereto);

(5) any extraordinary gain or loss shall be excluded from such Consolidated Net Income;

(6) the cumulative effect of a change in accounting principles shall be excluded from such Consolidated Net Income;

(7) gains or losses due solely to fluctuations in currency values and the related tax effects according to GAAP shall be excluded from such Consolidated Net Income;

(8) only for the purposes of the definition of EBITDA, one-time cash charges recorded in accordance with GAAP resulting from any merger, recapitalization or acquisition transaction shall be excluded from such Consolidated Net Income; and

(9) the amortization of any premiums, fees or expenses incurred in connection with our recapitalization and the related transactions or any amounts required or permitted by Accounting Principles Board Opinions Nos. 16 (including noncash write-ups and noncash charges relating to inventory and fixed assets, in each case arising in connection with the Transactions) and 17 (including noncash charges relating to intangibles and goodwill arising in connection with our recapitalization), in each case in connection with our recapitalization and the related transactions, shall be excluded from such Consolidated Net Income.

"Consolidation" means the consolidation of the amounts of each of the Restricted Subsidiaries with those of the Company in accordance with GAAP consistently applied; provided, however, that "Consolidation" will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Company or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment. The term "Consolidated" has a correlative meaning.

"Credit Agreement" means the credit agreement to be dated as of August 4, 1999 among SCI LLC, the Company and the Subsidiaries of the Company named therein, the lenders named therein and The Chase Manhattan Bank, as administrative agent, collateral agent and syndication agent, DLJ Capital Funding, Inc., as co-documentation agent, and Lehman Commercial Paper Inc., as co-documentation agent, including any collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof (except to the extent that any such amendment, supplement, modification, extension, renewal, restatement or refunding would be prohibited by the terms of the Indenture, unless otherwise agreed to by the Holders of at least a majority in aggregate principal amount of exchange notes and the initial notes taken together and at the time outstanding) and any indentures or credit facilities or commercial paper facilities with banks or other institutional lenders that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof.

"Currency Agreement" means with respect to any Person any foreign exchange contract, currency swap agreements or other similar agreement or arrangement to which such Person is a party.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Designated Senior Indebtedness" of the Company means

(1) the Bank Indebtedness and

(2) any other Senior Indebtedness of the Company that, at the date of determination, has an aggregate principal amount outstanding of, or under which, at the date of determination, the holders thereof are committed to lend up to at least $25 million and is specifically designated by the Company in the instrument evidencing or governing such Senior Indebtedness as "Designated Senior Indebtedness" for purposes of the Indenture.

"Designated Senior Indebtedness" of SCI LLC and of a Note Guarantor has a correlative meaning.

"Disqualified Stock" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise,

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock or

(3) is redeemable at the option of the holder thereof, in whole or in part,

in the case of clauses (1), (2) and (3), on or prior to 90 days after the Stated Maturity of the exchange notes; PROVIDED, HOWEVER, that only the portion of Capital Stock that so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to the Stated Maturity of the exchange notes shall be deemed Disqualified Stock; provided further, however, that (x) any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to 90 days after the Stated Maturity of the exchange notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions of the covenants described under "--Change of Control" and "--Certain Covenants--Limitation on Sale of Assets and Subsidiary Stock", (y) a class of Capital Stock shall not be Disqualified Stock hereunder solely as a result of any maturity or redemption that is conditioned upon, and subject to, compliance with the covenant described above under "--Certain Covenants--Limitation on Restricted Payments" and (z) Capital Stock issued to any plan for the benefit of employees shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Company in order to satisfy applicable statutory or regulatory obligations.

"Domestic Subsidiary" means any Restricted Subsidiary of the Company other than a Foreign Subsidiary.

"EBITDA" for any period means the Consolidated Net Income for such period, plus, without duplication, the following to the extent deducted in calculating such Consolidated Net Income:

(1) provision for taxes based on income or profits of the Company and its Consolidated Restricted Subsidiaries;

(2) Consolidated Interest Expense;

(3) depreciation expense of the Company and its Consolidated Restricted Subsidiaries;

(4) amortization expense (including amortization of goodwill and other intangibles) of the Company and its Consolidated Restricted Subsidiaries (excluding amortization expense attributable to a prepaid cash item that was paid in a prior period);

(5) all other noncash expenses or losses of the Company and its Consolidated Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP

(excluding any such charge that constitutes an accrual of or a reserve for cash charges for any future period);

(6) any non-recurring fees, expenses or charges realized by the Company and its Restricted Subsidiaries for such period related to any offering of Capital Stock or Incurrence of Indebtedness permitted to be Incurred under the Indenture;

(7) Recapitalization Related Special Charges of the Company and its Restricted Subsidiaries incurred on or prior to December 31, 2001 and in the aggregate not exceeding $50 million;

(8) noncash dividends on SCG Holding Preferred Stock;

and MINUS all noncash items increasing Consolidated Net Income of such Person for such Period (excluding any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period).

Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization and noncash charges of, a Restricted Subsidiary of the Company shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion) that the net income of such Restricted Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended or similarly distributed to the Company by such Restricted Subsidiary without prior governmental approval (that has not been obtained) or is not, directly or indirectly, restricted by operation of the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its stockholders or other holders of its equity.

"Exchange Act" means the Securities Exchange Act of 1934.

"Fair Market Value" means, with respect to any asset or property, the price which could be negotiated in an arm's-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. For all purposes of the Indenture, Fair Market Value will be determined in good faith by the Board of Directors, whose determination will be conclusive and evidenced by a resolution of the Board of Directors.

"Foreign Subsidiary" means any Restricted Subsidiary of the Company that is not organized under the laws of the United States of America or any State thereof or the District of Columbia.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time, including those set forth in:

(1) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants,

(2) statements and pronouncements of the Financial Accounting Standards Board,

(3) such other statements by such other entities as approved by a significant segment of the accounting profession, and

(4) the rules and regulations of the Commission governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the Commission.

All ratios and computations based on GAAP contained in the Indenture shall be computed in conformity with GAAP.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

PROVIDED, HOWEVER, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantor" shall mean any Person Guaranteeing any Indebtedness.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"Holder" means the Person in whose name and exchange note or initial note, as applicable, is registered on the Registrar's books.

"Incur" means, with respect to any Indebtedness or other obligation of any Person, to issue, assume, Guarantee, incur or otherwise become liable for; PROVIDED, HOWEVER, that any Indebtedness or Capital Stock of a Person existing immediately after the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. The accretion of principal of a non-interest bearing or other discount security shall not be deemed the Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication) the following items if and to the extent that any of them (other than items specified under clauses (3), (8), (9) and (10) below) would appear as a liability or, in the case of clause (6) only, Preferred Stock on the balance sheet of such Person, prepared in accordance with GAAP, on such date:

(1) the principal amount of and premium (if any) in respect of indebtedness of such Person for borrowed money;

(2) the principal amount of and premium (if any) in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto but excluding obligations in respect of letters of credit issued in respect of Trade Payables);

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except Trade Payables), which purchase price is due more than twelve months after the date of placing such property in service or taking delivery and title thereto or the completion of such services;

(5) all Capitalized Lease Obligations and all Attributable Debt of such Person;

(6) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; PROVIDED, HOWEVER, that the amount of Indebtedness of such Person shall be the lesser of:

(A) the Fair Market Value of such asset at such date of determination and

(B) the amount of such Indebtedness of such other Persons;

(8) Hedging Obligations of such Person;

(9) all obligations of such Person in respect of a Receivables Facility; and

(10) all obligations of the type referred to in clauses (1) through (9) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations described above, at such date; PROVIDED, HOWEVER, that the amount outstanding at any time of any Indebtedness issued with original issue discount will be deemed to be the face amount of such Indebtedness less the remaining unaccreted portion of the original issue discount of such Indebtedness at such time, as determined in accordance with GAAP.

"Interest Rate Agreement" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is party.

"Investment" in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extension of credit (including by way of Guarantee or similar arrangement but excluding commission, travel and similar advances to officers, consultants and employees made in the ordinary course of business) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person.

For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "--Certain Covenants--Limitation on Restricted Payments,"

(1) "Investment" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; PROVIDED, HOWEVER, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(A) the Company's "Investment" in such Subsidiary at the time of such redesignation less

(B) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer.

"Junior Subordinated Note" means the junior subordinated note of SCI LLC issued as part of the of our recapitalization and related transactions in the principal amount of $91 million, which will be subordinated to the Notes.

"Legal Holiday" means a Saturday, Sunday or other day on which banking institutions are not required by law or regulation to be open in the State of New York.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Motorola" means Motorola, Inc., a Delaware corporation.

"Net Available Cash" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other noncash form) therefrom, in each case net of:

(1) all direct costs relating to such Asset Disposition, including all legal, title, accounting and investment banking fees, and recording tax expenses, sales and other commissions and other fees and relocation expenses incurred, and all Federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP;

(2) all payments made on any Indebtedness that (x) is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or (y) must, by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the property or other assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"Net Cash Proceeds", with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Note Guarantee" means each Guarantee of the obligations with respect to the exchange notes issued by a Subsidiary of the Company pursuant to the terms of the Indenture.

"Note Guarantor" means any Subsidiary that has issued a Note Guarantee.

"Officer" means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, any Vice President, the Treasurer or the Secretary of the Company. "Officer" of SCI LLC and of a Note Guarantor has a correlative meaning.

"Officers' Certificate" means a certificate signed by two Officers of each Person issuing such certificate. For the avoidance of doubt, any Officers' Certificate to be delivered by the Issuers pursuant to the Indenture shall be signed by two Officers of each Issuer.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company, SCI LLC, a Note Guarantor or the Trustee.

"Permitted Business" means any business engaged in by the Issuers or any Restricted Subsidiary on the Closing Date and any Related Business.

"Permitted Holders" means TPG Partners II, L.P. and its Affiliates and any Person acting in the capacity of an underwriter in connection with a public or private offering of the Company's or SCI LLC's Capital Stock.

"Permitted Investment" means an Investment by the Company or any Restricted Subsidiary:

(1) in the Company, a Restricted Subsidiary or a Person that will, upon the making of such Investment, become a Restricted Subsidiary; PROVIDED, HOWEVER, that the primary business of such Restricted Subsidiary is a Permitted Business;

(2) in another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary; PROVIDED, HOWEVER, that such Person's primary business is a Permitted Business;

(3) in Temporary Cash Investments;

(4) in receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; PROVIDED, HOWEVER, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(5) 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;

(6) in loans or advances to employees made in the ordinary course of business consistent with prudent business practice and not exceeding $5 million in the aggregate outstanding at any one time;

(7) in stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary or in satisfaction of judgments;

(8) in any Person to the extent such Investment represents the noncash portion of the consideration received for an Asset Disposition that was made pursuant to and in compliance with the covenant described under "--Certain Covenants--Limitation on Sale of Assets and Subsidiary Stock" or a transaction not constituting an Asset Disposition by reason of the $1 million threshold contained in the definition thereof;

(9) that constitutes a Hedging Obligation or commodity hedging arrangement entered into for bona fide hedging purposes of the Company in the ordinary course of business and otherwise in accordance with the Indenture;

(10) in securities of any trade creditor or customer received in settlement of obligations or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor or customer;

(11) acquired as a result of a foreclosure by the Company or such Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(12) existing as of the Closing Date or an Investment consisting of any extension, modification or renewal of any Investment existing as of the Closing Date (excluding any such extension, modification or renewal involving additional advances, contributions or other investments of cash or property or other increases thereof unless it is a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms, as of the Closing Date, of the original Investment so extended, modified or renewed);

(13) consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and otherwise in accordance with the Indenture;

(14) in a trust, limited liability company, special purpose entity or other similar entity in connection with a Receivables Facility permitted under the covenant "--Certain Covenants--Limitation on Indebtedness"; PROVIDED that, in the good faith determination of the Board of Directors, such Investment is necessary or advisable to effect such Receivables Facility;

(15) consisting of intercompany Indebtedness permitted under the covenant "--Certain Covenants--Limitation on Indebtedness";

(16) the consideration for which consists solely of shares of common stock of the Company; and

(17) so long as no Default shall have occurred and be continuing (or result therefrom), in any Person engaged in a Permitted Business having an aggregate Fair Market Value (measured on the date made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding (and measured on the date made and without giving effect to subsequent changes in value), not to exceed $15 million.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Preferred Stock", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Public Equity Offering" means an underwritten primary public offering of common stock of the Company pursuant to an effective registration statement under the Securities Act, other than public offerings with respect to the Company's common stock registered on Form S-8.

"Purchase Money Indebtedness" means Indebtedness:

(1) consisting of the deferred purchase price of an asset, conditional sale obligations, obligations under any title retention agreement and other purchase money obligations, in each case where the maturity of such Indebtedness does not exceed the anticipated useful life of the asset being financed, and

(2) Incurred to finance the acquisition by the Company or a Restricted Subsidiary of all or a portion of such asset, including additions and improvements;

PROVIDED, HOWEVER, that such Indebtedness is Incurred within 180 days after the acquisition by the Company or such Restricted Subsidiary of such asset or the relevant addition or improvement.

"Qualified Proceeds" means any of the following or any combination of the following: (1) cash, (2) Temporary Cash Investments, (3) the Fair Market Value of assets that are used or useful in the

Permitted Business and (4) the Fair Market Value of the Capital Stock of any Person engaged primarily in a Permitted Business if, in connection with the receipt by the Company or any Restricted Subsidiary of the Company of such Capital Stock, (a) such Person becomes a Restricted Subsidiary or (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary.

"Recapitalization Related Special Charges" means separately delineated costs on the income statement of the Company that are characterized as non-recurring expenses and are associated with the recapitalization of the Company consisting of costs related to (1) branding and marketing, (2) consulting and information technology, (3) recruiting and employee retention bonuses and (4) facility or office relocations.

"Receivables Facility" means one or more receivables financing facilities, as amended from time to time, pursuant to which the Company and/or any of its Restricted Subsidiaries sells its accounts receivable to a Person that is not a Restricted Subsidiary pursuant to arrangements customary in the industry.

"Refinance" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that is Incurred to refund, refinance, replace, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness of the Company or any Restricted Subsidiary (including Indebtedness of the Company that Refinances Refinancing Indebtedness); PROVIDED, HOWEVER, that:

(1) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced,

(2) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being refinanced,

(3) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced and

(4) if the Indebtedness being Refinanced is subordinated in right of payment to the Notes, such Refinancing Indebtedness is subordinated in right of payment to the Notes at least to the same extent as the Indebtedness being Refinanced;

PROVIDED FURTHER, HOWEVER, that Refinancing Indebtedness shall not include:

(A) Indebtedness of a Restricted Subsidiary that Refinances Indebtedness of the Company or

(B) Indebtedness of the Company or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

"Related Business" means any business related, ancillary or complementary to any of the businesses of the Company and the Restricted Subsidiaries on the Closing Date.

"Representative" means the trustee, agent or representative (if any) for an issue of Senior Indebtedness.

"Restricted Subsidiary" means any Subsidiary of the Company (including without limitation SCI LLC) other than an Unrestricted Subsidiary.

"Sale/Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired by the Company or a Restricted Subsidiary whereby the Company or a Restricted Subsidiary transfers such property to a Person and the Company or such Restricted Subsidiary leases it from such Person, other than leases between the Company and a Wholly Owned Subsidiary or between Wholly Owned Subsidiaries.

"Secured Indebtedness" means any Indebtedness of the Company secured by a Lien. "Secured Indebtedness" of a Note Guarantor has a correlative meaning.

"Senior Subordinated Indebtedness" of the Company means the exchange notes, the initial notes and any other Indebtedness of the Company that specifically provides that such Indebtedness is to rank PARI PASSU with the exchange notes and the initial notes in right of payment and is not subordinated by its terms in right of payment to any Indebtedness or other obligation of the Company which is not Senior Indebtedness. "Senior Subordinated Indebtedness" of a Note Guarantor has a correlative meaning.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the Commission.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"Subordinated Obligation" means any Indebtedness of the Company (whether outstanding on the Closing Date or thereafter Incurred) that is subordinate or junior in right of payment to the exchange notes and the initial notes pursuant to a written agreement. "Subordinated Obligation" of a Note Guarantor has a correlative meaning.

"Subsidiary" of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total Voting Stock is at the time owned or controlled, directly or indirectly, by:

(1) such Person,

(2) such Person and one or more Subsidiaries of such Person or

(3) one or more Subsidiaries of such Person.

Notwithstanding the foregoing, with respect to the Company, the term "Subsidiary" also includes the following Persons: Tesla Sezam, a.s., Terosil, a.s. and Leshan-Phoenix Semiconductor Co. Ltd, so long as the Company directly or indirectly owns more than 50% of the Voting Stock or economic interests of such Person.

"Temporary Cash Investments" means any of the following:

(1) any investment in direct obligations of the United States of America or any agency thereof or obligations Guaranteed by the United States of America or any agency thereof,

(2) investments in time deposit accounts, certificates of deposit and money market deposits maturing not more than one year from the date of acquisition thereof, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case with a bank or trust company that is organized under the laws of the United States of

America, any state thereof (including any foreign branch of any of the foregoing) or any foreign country recognized by the United States of America having capital, surplus and undivided profits aggregating in excess of $250,000,000 (or the foreign currency equivalent thereof),

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above or clause (5) below entered into with a bank meeting the qualifications described in clause (2) above,

(4) investments in commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America having at the time as of which any investment therein is made one of the two highest ratings obtainable from either Moody's Investors Service, Inc. ("Moody's") or Standard and Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. ("S&P"),

(5) investments in securities with maturities of six months or less from the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, or by any foreign government or any state, commonwealth or territory or by any political subdivision or taxing authority thereof, and, in each case, having one of the two highest ratings obtainable from either S&P or Moody's; and

(6) investments in funds investing exclusively in investments of the types described in clauses (1) and (5) above.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. SectionSection77aaa-77bbbb) as in effect on the Closing Date.

"Trade Payables" means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Trustee" means the party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

"Trust Officer" means any vice president, assistant vice president or trust officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary of the Company) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; PROVIDED, HOWEVER, that either:

(A) the Subsidiary to be so designated has total Consolidated assets of $1,000 or less or

(B) if such Subsidiary has Consolidated assets greater than $1,000, then such designation would be permitted under the covenant entitled "--Certain Covenants--Limitation on Restricted Payments."

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; PROVIDED, HOWEVER, that immediately after giving effect to such designation:

(x) the Company could Incur $1.00 of additional Indebtedness under paragraph (a) of the covenant described under "--Certain Covenants--Limitation on Indebtedness" and

(y) no Default shall have occurred and be continuing.

Any such designation of a Subsidiary as a Restricted Subsidiary or Unrestricted Subsidiary by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

"Voting Stock" of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled at the time to vote in the election of directors, managers or trustees thereof.

"Wholly Owned Subsidiary" means a Restricted Subsidiary of the Company all the Capital Stock of which (other than directors' qualifying shares) is owned by the Company or another Wholly Owned Subsidiary.

EXCHANGE OFFER AND REGISTRATION RIGHTS AGREEMENT

The Issuers, the Initial Purchasers and the guarantors of the initial notes entered into an exchange offer and registration rights agreement (the "Exchange Offer and Registration Rights Agreement") concurrently with the issuance of the initial notes. Pursuant to the Exchange Offer and Registration Rights Agreement, the Issuers and the guarantors of the initial notes are required

- to file with the Commission on or prior to 120 days after the date of issuance of the Notes (the "Issue Date") a registration statement on Form S-1 or Form S-4, if the use of such form is then available (the "Exchange Offer Registration Statement") relating to a registered exchange offer (the "Exchange Offer") for the initial notes under the Securities Act and

- to use their reasonable best efforts to cause the Exchange Offer Registration Statement to be declared effective under the Securities Act within 180 days after the Issue Date.

The Exchange Offer being made hereby, if commenced and consummated within the time periods described in this paragraph, will satisfy those requirements under the Registration Rights Agreement.

In the event that:

(1) because of any change in law or applicable interpretations thereof by the staff of the SEC, the Issuers are not permitted to effect the Exchange Offer.

(2) any initial notes validly tendered pursuant to the Exchange Offer are not exchanged for exchange notes within 210 days after the Issue Date,

(3) the Initial Purchasers so request with respect to initial notes not eligible to be exchanged for exchange notes in the Exchange Offer,

(4) any applicable law or interpretations do not permit any holder of initial notes to participate in the Exchange Offer,

(5) any holder of initial notes that participates in the Exchange Offer does not receive freely transferable exchange notes in exchange for tendered initial notes, or

(6) the Issuers so elect,

then the Issuers and the guarantors of the initial notes will file as promptly as practical following the occurrence of any of the foregoing events listed under (1) through (6) (but in no event more than 60 days after so required or requested) with the SEC a shelf registration statement (the "Shelf Registration Statement") to cover resales of Transfer Restricted Securities (as defined below) by such holders who satisfy certain conditions relating to the provision of information in connection with the Shelf Registration Statement. For purposes of the foregoing, "Transfer Restricted Securities" means each initial note until

- the date on which such initial note has been exchanged for a freely transferable exchange note in the Exchange Offer,

- the date on which such initial note has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement or

- the date on which such initial note is distributed to the public pursuant to Rule 144 under the Securities Act or is salable pursuant to Rule 144(k) under the Securities Act.

If applicable, the Issuers and the guarantors of the initial notes will use their reasonable best efforts to have the Shelf Registration Statement declared effective by the SEC as promptly as practicable after the filing thereof and to keep the Shelf Registration Statement effective for a period of two years after the Issue Date.

In the event that:

(1) the applicable registration statement is not filed with the SEC on or prior to 120 days after the Issue Date;

(2) the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, is not declared effective within 180 days after the Issue Date;

(3) the Exchange Offer is not consummated within 210 days after the Issue Date; or

(4) the Shelf Registration Statement is filed and declared effective within 180 days after the Issue Date (or in the case of a Shelf Registration Statement to be filed in response to any change in law or applicable interpretations thereof, within 60 days after the publication of the change in law or interpretation) but shall thereafter cease to be effective (at any time that the Issuers and the guarantors of the initial notes are obligated to maintain the effectiveness thereof) without being succeeded within 30 days by an additional Registration Statement filed and declared effective (each such event referred to in clauses (a) through (d), a "Registration Default"),

the Issuers and the guarantors of the initial notes will be obligated to pay liquidated damages to each holder of Transfer Restricted Securities, during the period of one or more such Registration Defaults, in an amount equal to $0.192 per week per $1,000 principal amount of the Transfer Restricted Securities held by such holder until the applicable Registration Statement is filed, the Exchange Offer Registration Statement is declared effective and the Exchange Offer is consummated or the Shelf Registration Statement is declared effective or again becomes effective, as the case may be. Following the cure of all Registration Defaults, the accrual of liquidated damages will cease.

The Exchange Offer and Registration Rights Agreement also provides that the Issuers and the guarantors of the initial notes

- make available for a period of 180 days after the consummation of the Exchange Offer a prospectus meeting the requirements of the Securities Act to any broker-dealer for use in connection with any resale of any such exchange notes and

- (b) pay all expenses incident to the Exchange Offer (including the expense of one counsel to the holders of the exchange notes and the initial notes taken together) and jointly and severally indemnify certain holders of the initial notes (including any broker-dealer) against certain liabilities, including liabilities under the Securities Act. A broker-dealer which delivers such a prospectus to purchasers in connection with such resales will be subject to certain of the civil liability provisions under the Securities Act and will be bound by the provisions of the Exchange Offer and Registration Rights Agreement (including certain indemnification rights and obligations).

Each holder of initial notes who wishes to exchange such initial notes for exchange notes in the Exchange Offer is required to make certain representations, including representations that

(1) any exchange notes to be received by it have been acquired in the ordinary course of its business,

(2) it has no arrangement or understanding with any person to participate in the distribution of the exchange notes and

(3) it is not an "affiliate" (as defined in Rule 405 under the Securities Act) of the Company, or if it is an affiliate, that it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

If the holder is not a broker-dealer, it is required to represent that it is not engaged in, and does not intend to engage in, the distribution of the exchange notes. If the holder is a broker-dealer that receives exchange notes for its own account in exchange for initial notes that were acquired as a result of market-making activities or other trading activities (an "Exchanging Dealer"), it is required to acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes.

Holders of the initial notes are required to make certain representations to the Issuers (as described above) in order to participate in the Exchange Offer and will be required to deliver information to be used in connection with the Shelf Registration Statement in order to have their initial notes included in the Shelf Registration Statement and benefit from the provisions regarding liquidated damages set forth in the preceding paragraphs. A holder who sells initial notes pursuant to the Shelf Registration Statement generally will be required to be named as a selling securityholder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the Exchange Offer and Registration Rights Agreement which are applicable to such a holder (including certain indemnification obligations).

The foregoing description of the Exchange Offer and Registration Rights Agreement is a summary only, does not purport to be complete and is qualified in its entirety by reference to all provisions of the Exchange Offer and Registration Rights Agreement.

BOOK-ENTRY, DELIVERY AND FORM

The exchange notes will be issued in the form of a one or more global notes (collectively, the "Global Note"). The Global Note will be deposited with, or on behalf of, DTC and registered in the name of DTC or its nominee. Except as set forth below, the global note may be transferred in whole and not in part, only to DTC or other nominees of DTC. Investors may hold their beneficial interests for the Global Note directly through DTC if they have an account with DTC or indirectly through organizations which have accounts with DTC.

Exchange notes that are issued as described below under "--Certificated Exchange Notes" will be issued in definitive form. Upon the transfer of an Exchange Note in definitive form, such Exchange Note will, unless the Global Note has previously been exchanged for exchange notes in definitive form, be exchanged for an interest in the Global Note representing the principal amount of exchange notes being transferred.

CERTAIN BOOK-ENTRY PROCEDURES FOR THE GLOBAL NOTE

The descriptions of the operations and procedures of DTC, Euroclear and Cedel set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Neither of the Issuers nor any of the Initial Purchasers takes any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised the Issuers that it is

- a limited purpose trust company organized under the laws of the State of New York,

- a "banking organization" within the meaning of the New York Banking Law,

- a member of the Federal Reserve System,

- a "clearing corporation" within the meaning of the Uniform Commercial Code, as amended, and

- a "clearing agency" registered pursuant to Section 17A of the Exchange Act.

DTC was created to hold securities for its participants (collectively, the "Participants") and facilitates the clearance and settlement of securities transactions between Participants through electronic book-entry changes to the accounts of its Participants, thereby eliminating the need for physical transfer and delivery of certificates. DTC's Participants include securities brokers and dealers (including the Initial Purchasers), banks and trust companies, clearing corporations and certain other organizations. Indirect access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies (collectively, the "Indirect Participants") that clear through or maintain a custodial relationship with a Participant, either directly or indirectly. Investors who are not Participants may beneficially own securities held by or on behalf of DTC only through Participants or Indirect Participants.

The Issuers expect that pursuant to procedures established by DTC

- upon deposit of the Global Note, DTC will credit the accounts of Participants designated by the Initial Purchasers with an interest in the Global Note and

- ownership of the exchange notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the interests of Participants) and the records of Participants and the Indirect Participants (with respect to the interests of persons other than Participants).

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Accordingly, the ability to transfer interests in the Notes

represented by a Global Note to such persons may be limited. In addition, because DTC can act only on behalf of its Participants, who in turn act on behalf of persons who hold interests through Participants, the ability of a person having an interest in exchange notes represented by a Global Note to pledge or transfer such interest to persons or entities that do not participate in DTC's system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the exchange notes represented by the Global Note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a Global Note will not be entitled to have exchange notes represented by such Global Note registered in their names, will not receive or be entitled to receive physical delivery of Certificated Notes, and will not be considered the owners or holders thereof under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee thereunder. Accordingly, each holder owning a beneficial interest in a Global Note must rely on the procedures of DTC and, if such holder is not a Participant or an Indirect Participant, on the procedures of the Participant through which such holder owns its interest, to exercise any rights of a holder of exchange notes under the Indenture or such Global Note. The Issuers understand that under existing industry practice, in the event that the Issuers request any action of holders of exchange notes, or a holder that is an owner of a beneficial interest in a Global Note desires to take any action that DTC, as the holder of such Global Note, is entitled to take, DTC would authorize the Participants to take such action and the Participants would authorize holders owning through such Participants to take such action or would otherwise act upon the instruction of such holders. Neither the Issuers nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of exchange notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to such exchange notes.

Payments with respect to the principal of, and premium, if any, and interest on, any exchange notes represented by a Global Note registered in the name of DTC or its nominee on the applicable record date will be payable by the Trustee to or at the direction of DTC or its nominee in its capacity as the registered holder of the Global Note representing such exchange notes under the Indenture. Under the terms of the Indenture, the Company and the Trustee may treat the persons in whose names the exchange notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving payment thereon and for any and all other purposes whatsoever. Accordingly, neither the Company nor the Trustee has or will have any responsibility or liability for the payment of such amounts to owners of beneficial interests in a Global Note (including principal, premium, if any, and interest). Payments by the Participants and the Indirect Participants to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of the Participants or the Indirect Participants and DTC.

Transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Cedel will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the exchange notes, cross-market transfers between the Participants in DTC, on the one hand, and Euroclear or Cedel participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Cedel, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Cedel, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Cedel, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant

Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Cedel participants may not deliver instructions directly to the depositaries for Euroclear or Cedel.

Because of time zone differences, the securities account of a Euroclear or Cedel participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Cedel participant, during the securities settlement processing day (which must be a business day for Euroclear and Cedel) immediately following the settlement date of DTC. Cash received in Euroclear or Cedel as a result of sales of interest in a Global Security by or through a Euroclear or Cedel participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Cedel cash account only as of the business day for Euroclear or Cedel following DTC's settlement date.

Although DTC, Euroclear and Cedel have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Cedel, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuers nor the Trustee will have any responsibility for the performance by DTC, Euroclear or Cedel or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

CERTIFICATED NOTES

If any of the following occur:

- the Issuers notify the Trustee in writing that DTC is no longer willing or able to act as a depositary or DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days of such notice or cessation,

- the Issuers, at their option, notify the Trustee in writing that they elect to cause the issuance of exchange notes in definitive form under the Indenture or

- certain other events as provided in the Indenture,

then, upon surrender by DTC of the Global Notes, Certificated Notes will be issued to each person that DTC identifies as the beneficial owner of the exchange notes represented by the Global Notes. Upon any such issuance, the Trustee is required to register such Certificated Notes in the name of such person or persons (or the nominee of any thereof) and cause the same to be delivered thereto.

Neither the Issuers nor the Trustee shall be liable for any delay by DTC or any Participant or Indirect Participant in identifying the beneficial owners of the related exchange notes and each such person may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the exchange notes to be issued).

YEAR 2000

DTC management is aware that some computer applications, systems, and the like for processing data that are dependent upon calendar dates, including dates before, on, and after January 1, 2000, may encounter "year 2000 problems." DTC has informed its Participants and other members of the financial community that it has developed and is implementing a program so that its systems, as the same relate to the timely payment of distributions (including principal and income payments) to security holders, book-entry deliveries, and settlement of trades within DTC, continue to function appropriately. This program includes a technical assessment and remediation plan, each of which is complete. Additionally, DTC's plan includes a testing phase, which is expected to be completed within appropriate time frames.

However, DTC's ability to perform properly its services is also dependent upon other parties, including but not limited to issuers and their agents, as well as third-party vendors from whom DTC licenses software and hardware, and third-party vendors on whom DTC relies for information or the provision of services, including telecommunication and electrical utility service providers, among others. DTC has informed the Industry that it is contacting (and will continue to contact) third-party vendors from whom DTC acquires services to:

- impress upon them the importance of such services being year 2000 compliant; and

- determine the extent of their efforts for year 2000 remediation (and, as appropriate, testing) of their services.

In addition, DTC is in the process of developing such contingency plans as it deems appropriate.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of material United States federal income tax consequences and certain other tax consequences of the acquisition, ownership and disposition of the initial notes. Unless otherwise stated, this discussion is limited to the tax consequences to those persons who are original beneficial owners of the initial notes and who hold such notes as capital assets ("Holders"). This discussion does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase the initial notes by any particular investor and does not address specific tax consequences that may be relevant to particular persons (including, for example, financial institutions, broker-dealers, insurance companies, tax-exempt organizations, persons that have a functional currency other than the U.S. dollar and persons in special situations, such as those who hold initial notes as part of a straddle, hedge, conversion transaction, or other integrated investment). This discussion does not address U.S. federal alternative minimum tax consequences, and does not describe any tax consequences arising under U.S. federal gift and estate or other federal tax laws or under the tax laws of any state, local or foreign jurisdiction. This discussion is based upon the Internal Revenues Code of 1986, as amended (the "Code"), the Treasury Department regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change, possibly on a retroactive basis.

INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO THEM, AS A RESULT OF THEIR INDIVIDUAL CIRCUMSTANCES, OF THE EXCHANGE OF THE INITIAL NOTES FOR THE EXCHANGE NOTES AND OF THE OWNERSHIP AND DISPOSITION OF EXCHANGE NOTES RECEIVED IN THE EXCHANGE OFFER, INCLUDING THE APPLICATION OF STATE, LOCAL, FOREIGN OR OTHER TAX LAWS.

U.S. FEDERAL INCOME TAXATION OF U.S. HOLDERS

The following discussion is limited to the U.S. federal income tax consequences relevant to a Holder that is a citizen or individual resident of the United States, a U.S. domestic corporation or any other person that is subject to U.S. federal income tax on a net income basis in respect of its investment in the initial notes (a "U.S. Holder").

PAYMENTS OF INTEREST

Interest on a note will generally be includible in the income of a U.S. Holder in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

DISPOSITION OF NOTES

Upon the sale, exchange, redemption, retirement at maturity or other disposition of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between (1) the sum of cash plus the fair market value of all other property received on such disposition (except to the extent such cash or property is attributable to accrued but unpaid interest, which will be taxable as ordinary income) and (2) such beneficial owner's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in an initial note generally will equal the cost of the initial note to such Holder, less any principal payments received by such Holder.

Gain or loss recognized on the disposition of a note generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of such disposition, the U.S. Holder's holding period for the note is more than 12 months. The maximum federal long-term capital gain rate is 20% for noncorporate U.S. Holders and 35% for corporate U.S. Holders. The deductibility of capital losses by U.S. Holders is subject to limitations.

U.S. FEDERAL INCOME TAXATION OF EXCHANGE OFFER

The exchange pursuant to the exchange offer contemplated herein will not be a taxable event for U.S. federal income tax purposes. As a result, a Holder of an initial note whose initial note is accepted in the exchange offer will not recognize gain or loss on the Exchange. A tendering Holder's tax basis in the exchange notes will be the same as such Holder's tax basis in the initial notes for which they are exchanged. A tendering Holder's holding period for the notes received pursuant to the exchange offer will include its holding period for the initial notes surrendered therefor.

U.S. FEDERAL INCOME TAXATION OF NON-U.S. HOLDERS

PAYMENTS OF INTEREST

Subject to the discussion of backup withholding below, payments of principal and interest on the notes by us or any of our agents to a holder of the notes that is, with respect to the United States, a foreign corporation or non-resident alien individual (a"Non-U.S. Holder") will not be subject to withholding of United States federal income tax, provided that, with respect to payments of interest, (i) the Non-U.S. Holder does not actually or constructively own 10 percent or more of the combined voting power of all classes of stock of the Company and is not a controlled foreign corporation related to the Company through stock ownership and (ii) the beneficial owner provides a statement signed under penalties of perjury that includes its name and address and certifies that it is a Non-U.S. Holder in compliance with applicable requirements (or, with respect to payments made after December 31, 2000, satisfies certain documentary evidence requirements ("New Regulations") for establishing that it is a Non-U.S. Holder).

DISPOSITION OF NOTES

No withholding of United States federal income tax will be required with respect to any gain or income realized by a Non-U.S. Holder upon the sale, exchange or disposition of a Note.

A Non-U.S. Holder will not be subject to U.S. federal income tax on gain realized on the sale, exchange or other disposition of a note unless (a) the Non-U.S. Holder is an individual who is present in the United States for a period or periods aggregating 183 or more days in the taxable year of the disposition and certain other conditions are met, or (b) such gain or income is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States.

EACH NON-U.S. HOLDER IS URGED TO CONSULT THE HOLDER'S TAX ADVISOR AS TO THE APPLICATION OF THE NEW REGULATIONS AND THE PROCEDURES FOR ESTABLISHING AN EXEMPTION FROM WITHHOLDING TAX.

INFORMATION REPORTING AND BACKUP WITHHOLDING

We are required to file information returns with the Internal Revenues Service with respect to payments made to certain U.S. Holders of notes. In addition, certain U.S. Holders may be subject to a 31 percent backup withholding tax in respect of such payments if they do not provide their taxpayer identification numbers to us. Non-U.S. Holders of Notes may be required to comply with applicable certification procedures to establish that they are not U.S. holders in order to avoid the application of such information reporting requirements and backup withholding tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against the person's U.S. federal income tax liability provided that required information is furnished to the Internal Revenue Service.

EACH NON-U.S. HOLDER IS URGED TO CONSULT SUCH HOLDER'S TAX ADVISOR AS TO THE APPLICATION OF THE NEW REGULATIONS AND THE PROCEDURES FOR ESTABLISHING AN EXEMPTION FROM BACKUP WITHHOLDING.

PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for initial notes where such initial notes were acquired as a result of market-making activities or other trading activities. The Issuers have agreed that, for a period of 180 days after the expiration date, they will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until , all dealers effecting transactions in the exchange notes may be required to deliver a prospectus.

The Issuers will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of exchange notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 180 days after the expiration date, the Issuers will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. The Issuers have agreed to pay all expenses incident to the Exchange Offer (including the expenses of one counsel for the holders of the initial notes) other than commissions or concessions of any broker-dealers and will indemnify the holders of the initial notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

The validity of the exchange notes, will be passed upon for us by Cleary, Gottlieb, Steen & Hamilton, New York, New York.

EXPERTS

The combined balance sheets as of December 31, 1997 and 1998 and the combined statements of revenues less direct and allocated expenses before taxes for each of the years in the three-year period ended December 31, 1998 of the Semiconductor Components Group of Motorola, Inc. have been included herein in reliance upon the report of KPMG LLP, independent certified public accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

Analog Product	Products that operate on non-digital signals.
BiCMOS	A hybrid of CMOS and bipolar technologies.
Bipolar	A manufacturing process that uses two opposite electrical poles to build semiconductors.
CMOS	Complementary Metal Oxide Semiconductor.
Die	A piece of a semiconductor wafer containing the circuitry of a single chip.
Digital Products	Products that operate on digital signals, where electronic signals are treated as either "one" or "zero."
Diode	An electronic device that allows current to flow in only one direction.
Discrete Product	Individual diodes or transistors that perform basic signal conditioning and switching functions in electronic circuits.
ECL	Emitter Coupled Logic.
Fab	The facility that fabricates wafers.
IC	Integrated Circuit. A combination of two or more transistors on a base material, usually silicon.
IGBT	Insulated Gate Bipolar Transistor.
Lead Frames	A conductive frame that brings the electrical signals to and from the die.
MOS	Metal Oxide Semiconductor.
Package	A protective case that surrounds the die, consisting of a plastic housing and a lead frame.
Semiconductor	A material with electrical conducting properties in between those of metals and insulators. (Metals always conduct and insulators never conduct, but semiconductors sometimes conduct.) This is the building block of all integrated circuits and diode devices.
Standard Analog Products	Simple analog semiconductors (as opposed to more complex products, such as mixed-signal devices or customized analog products) that are used for both interface, power control and power protection functions in electronic systems.

Standard Logic Products.....	Simple logic semiconductors (as opposed to more complex products, such as microprocessors or application-specific ICs) that are used primarily for interfacing functions, such as interconnecting and routing electronic signals within an electronic system.
Transistor.....	An individual circuit that can amplify or switch electric current.
Wafer.....	Round, flat piece of silicon that is the base material in the semiconductor manufacturing process.

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Motorola, Inc.:

We have audited the accompanying combined balance sheets of the Semiconductor Components Group of Motorola, Inc. ("the Company" or "the Business") as of December 31, 1997 and 1998 and the accompanying combined statements of revenues less direct and allocated expenses before taxes for each of the years in the three-year period ended December 31, 1998. These combined statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statements. We believe that our audits provide a reasonable basis for our opinion.

The accompanying combined statements were prepared to comply with the rules and regulations of the Securities and Exchange Commission and on the basis of presentation as described in Note 1. The accompanying combined statements present the combined assets, liabilities and business equity and the related combined revenues less direct and allocated expenses before taxes of the Business, and are not intended to be a complete presentation of the Business' financial position, results of operations or cash flows. The results of operations before taxes are not necessarily indicative of the results of operations before taxes that would be recorded by the Company on a stand-alone basis.

In our opinion, the accompanying combined statements present fairly, in all material respects, the combined assets, liabilities and business equity of the Business as of December 31, 1997 and 1998 and its combined revenues less direct and allocated expenses before taxes for each of the years in the three-year period ended December 31, 1998, on the basis described in Note 1, in conformity with generally accepted accounting principles.

KPMG LLP

Phoenix, Arizona
January 18, 1999, except as to Note 12
which is as of May 11, 1999

SEMICONDUCTOR COMPONENTS GROUP OF

MOTOROLA, INC.

COMBINED BALANCE SHEETS

(IN MILLIONS)

	DECEMBER 31,	
	1997	1998
ASSETS		
Current assets:		
Inventories	$231.1	201.7
Other	13.7	9.2
Total current assets	244.8	210.9
Property, plant and equipment, net	614.2	512.3
Other assets	41.6	53.3
Total assets	$900.6	776.5
LIABILITIES AND BUSINESS EQUITY		
Current liabilities:		
Accounts payable	$ 7.5	9.5
Accrued expenses	13.4	81.4
Total current liabilities	20.9	90.9
Non-current liabilities	13.3	4.6
Commitments and contingencies		
Business equity	866.4	681.0
Total liabilities and business equity	$900.6	776.5

See accompanying notes to combined financial statements.

SEMICONDUCTOR COMPONENTS GROUP OF

MOTOROLA, INC.

COMBINED STATEMENTS OF REVENUES LESS DIRECT AND

ALLOCATED EXPENSES BEFORE TAXES

(IN MILLIONS)

	YEARS ENDED DECEMBER 31,		
	1996	1997	1998
Revenues:			
Net sales--trade	$1,748.0	1,815.2	1,493.4
Direct and allocated costs and expenses:			
Cost of sales	1,128.8	1,119.6	1,068.8
Research and development	71.7	65.7	67.5
Selling and marketing	94.4	110.7	92.4
General and administrative	150.8	239.8	201.6
Restructuring and other charges	--	--	189.8
Operating costs and expenses	1,445.7	1,535.8	1,620.1
	302.3	279.4	(126.7)
Other income (expenses):			
Equity in earnings from joint ventures	2.4	1.6	8.4
Interest expense	(15.0)	(11.0)	(18.0)
Other expenses, net	(12.6)	(9.4)	(9.6)
Revenues less direct and allocated expenses before taxes	$ 289.7	270.0	(136.3)

See accompanying notes to combined financial statements.

SEMICONDUCTOR COMPONENTS GROUP OF

MOTOROLA, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

The Semiconductor Components Group ("SCG" or "the Business") is defined as the discrete and integrated circuits standard products of the Semiconductor Products Sector ("SPS") of Motorola, Inc. ("Motorola"), including Power BiPolar, Rectifiers, Thyristors, Zeners, TMOS, Analog, ECL, Small Signal and Logic Products. Manufacturing operations for the Business are primarily conducted in plants in Guadalajara, Mexico, Carmona, Philippines, Seremban, Malaysia (2 Plants), Phoenix, Arizona, United States and Aizu, Japan (collectively referred to as "SCG plants"). Certain manufacturing operations related to SCG products are also performed at other SPS plants. Similarly, certain SCG plants perform manufacturing operations related to other SPS product lines. SCG also has investments in various joint ventures which are accounted for on the equity method.

The accompanying combined balance sheets do not include Motorola's or SPS's sector assets or liabilities not specifically identifiable to SCG. Motorola performs cash management on a centralized basis and SPS processes receivables and certain payables, payroll and other activity for SCG. Most of these systems are not designed to track receivables, liabilities and cash receipts and payments on a business specific basis. Accordingly, it is not practical to determine certain assets and liabilities associated with the business; therefore, such assets and liabilities cannot be included in the accompanying combined balance sheets. Given these constraints, certain supplemental cash flow information is presented in lieu of a statement of cash flows. (See Note 8.) Assets and liabilities not specifically identifiable to the Business include:

(A) Cash, cash equivalents and investments. Activity in SCG cash balances is recorded through the business equity account.

(B) Trade accounts receivable and related allowances for bad debts and product returns. Trade receivable balances are maintained by customer, not by the Business. Estimated allowances for product returns are reflected in SCG net sales. Accounts receivable related to SCG are allocated through the business equity account.

(C) Accounts payable related to trade purchases that are made centrally by SPS in the United States. Such purchases related to SCG are allocated to SCG through the business equity account.

(D) Certain accrued liabilities for allocated corporate costs and environmental and pension costs which are allocated to SCG through the business equity account.

The combined statements of revenues less direct and allocated expenses before taxes includes all revenues and costs attributable to the Business including an allocation of the costs of shared facilities and overhead of Motorola and SPS. In addition, certain costs incurred at SCG plants for the benefit of other SPS product lines are allocated from SCG to the other SPS divisions.

All of the allocations and estimates in the combined statements of revenues less direct and allocated expenses before taxes are based on assumptions that management believes are reasonable under the circumstances. However, these allocations and estimates are not necessarily indicative of the costs that would have resulted if the Business had been operated on a stand-alone basis.

Transactions between the Business and other Motorola and SPS operations have been identified in the combined statements as transactions between related parties to the extent practicable (See Note 2).

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF COMBINATION

All significant intercompany balances and transactions within the Business have been eliminated.

(B) REVENUE RECOGNITION

Revenues from the sale of SCG semiconductor products is generally recognized when shipped, with a provision for estimated returns and allowances recorded at the time of shipment.

(C) RELATED PARTY TRANSACTIONS

SCG manufactures products for other sectors of Motorola. Sales of these products are treated as external sales and are reflected in the accompanying combined statements of revenues less direct and allocated expenses before taxes with the related cost of sales. These sales totaled $131.5 million, $126.9 million and $105.7 million for the years ended December 31, 1996, 1997 and 1998, respectively.

SCG also manufactures products, at cost, for other SPS divisions and these other divisions also manufacture products for SCG. The gross amounts charged to/from SCG for these products are summarized as follows:

	YEARS ENDED DECEMBER 31,		
	1996	1997	1998
	(IN MILLIONS)		
Manufacturing services performed by other SPS divisions on behalf of SCG	$322.7	310.5	266.8
Manufacturing services performed by SCG and transferred at actual production costs to other SPS divisions	$159.5	177.4	162.3

A portion of manufacturing costs transferred from other SPS divisions to SCG are capitalized into inventory at worldwide standard cost and are recorded as cost of sales as related product sales are recognized. Variations between worldwide standard cost and the actual costs transferred from other SPS divisions are considered period costs and are immediately charged to operations.

Where it is possible to specifically identify other operating costs with the activities of SCG or other SPS product lines, these amounts have been charged or credited directly to SCG or SPS product lines without allocation or apportionment. Although a number of different approaches are used to allocate shared or common costs, there is usually a predominant basis for each expense category. Accordingly, research and development costs have been allocated from SPS based predominately on dedicated spending. Research and development from Motorola is first allocated to SPS and then allocated 20% to SCG as SCG is one of five divisions within SPS. Selling and marketing expenses from SPS have been allocated 20% to SCG and general and administrative expenses from Motorola and SPS have been allocated 20% to SCG. Prior to changing to this allocation structure in July, 1997, allocations to SCG for research and development, selling and

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

marketing, and general and administrative expenses were based on budgeted sales volume. This change had an insignificant impact on the amount of the allocated costs.

Total amounts allocated to SCG for research and development, selling and marketing, and general and administrative expenses were as follows:

	YEARS ENDED DECEMBER 31,		
	1996	1997	1998
	(IN MILLIONS)		
Research and development	$34.8	34.6	33.1
Selling and marketing	$39.5	4.3	3.7
General and administrative	$87.2	117.0	115.2

These cost allocations are included in the accompanying combined statements of revenues less direct and allocated expenses before taxes but are not necessarily indicative of the costs that would be incurred by the Business on a stand-alone basis.

(D) INVENTORIES

Inventories are stated at the lower of worldwide standard cost, which approximates actual cost on a first-in, first-out basis, or market. The main components of inventories are as follows:

	DECEMBER 31,	
	1997	1998
	(IN MILLIONS)	
Raw materials	$ 21.5	20.0
Work in process	109.1	103.1
Finished goods	100.5	78.6
Total Inventories	$231.1	201.7

(E) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Many of these assets are directly related to SCG and are included without apportionment. SCG also shares certain property, plant, and equipment with other SPS product lines. These shared assets have been allocated to SCG based on sales volume for buildings, land, and other general assets and units of production for machinery and equipment.

Depreciation is computed over the following estimated useful lives predominately on the straightline method:

Buildings	30-40 years
Machinery and equipment	3-8 years

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SCG has adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF, which requires recognition of impairment of long-lived assets whenever events or changes in circumstances indicate the carrying value of such assets exceeds the future undiscounted cash flows attributable to such assets. During 1998, SCG incurred restructuring and other charges which included impairment writedowns of $53.9 million related to machinery and equipment (see Note 9).

	DECEMBER 31,	
	1997	1998
	(IN MILLIONS)	
Land	$ 9.6	10.3
Buildings	423.6	419.5
Machinery and equipment	1,199.3	1,181.1
Total property, plant and equipment	1,632.5	1,610.9
Less accumulated depreciation	1,018.3	1,098.6
	$ 614.2	512.3

(F) INTEREST EXPENSE

Motorola had net interest expense on a consolidated basis for all periods presented. These amounts have been allocated to SPS and in turn to SCG in the amount of approximately $15.0 million, $11.0 million and $18.0 million for the years ended December 31, 1996, 1997 and 1998, respectively, primarily on the basis of net assets. SCG management believes this allocation is reasonable, but it is not necessarily indicative of the cost that would have been incurred if the Business had been operated on a stand-alone basis.

(G) CURRENCIES AND FOREIGN CURRENCY INSTRUMENTS

SCG's functional currency for all foreign operations is the U.S. dollar, except for Japan and Europe which is the local currency. Accordingly, the net effect of gains and losses from translation of foreign currency financial statements into U.S. dollars is included in current operations. The net translation gains and losses for Japan and Europe are not significant and are included as a component of business equity. Gains and losses resulting from foreign currency transactions are included in current operations and were not significant for 1996, 1997 or 1998.

(H) USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) ACCRUED EXPENSES

The components of accrued expenses are as follows:

	DECEMBER 31,	
	1997	1998
	(IN MILLIONS)	
Payroll and employee related accruals	$ 6.3	7.1
Restructuring charges	--	68.0
Other accruals	7.1	6.3
Total accrued expenses	$13.4	81.4

(4) EMPLOYEE BENEFIT PLANS

Employees of SCG participate in several Motorola retirement, employee benefit, and incentive plans. These include (1) a profit sharing plan, (2) a stock bonus plan, (3) a salary deferral 401(k) plan and (4) pension and healthcare benefit plans. Motorola also has a stock option plan under which key employees of SCG may be granted nonqualified or incentive stock options to purchase shares of Motorola common stock. Certain key employees and certain management of SCG also participate in various incentive arrangements based on individual performance and Motorola/SPS/ SCG profitability. The costs of these programs were allocated from Motorola to SPS and then to SCG on the basis of payroll costs and headcount and are not necessarily indicative of the costs that would be incurred on a stand-alone basis.

SCG employees in foreign countries participate in a retirement plan within the country. In each case, the plan meets local and legal requirements of that particular country and is based on defined years of service. Each country's plan is unfunded and is accrued for in the accompanying combined balance sheets based on actuarially determined amounts.

(5) CONTINGENCIES

Motorola is currently a defendant in certain legal actions relating to SCG. In the opinion of management, the outcome of such litigation will not have a material adverse effect on the business equity, operations or liquidity of SCG.

Motorola is also involved in certain administrative and judicial proceedings related to certain environmental matters at SCG locations. Based on information currently available, management believes that the costs of these matters are not likely to have a material adverse effect on business equity, operations or liquidity of SCG.

(6) BUSINESS EQUITY

Business equity represents Motorola's ownership interest in the recorded net assets of SCG. All cash transactions, accounts receivable, accounts payable in the United States, other allocations and intercompany transactions are reflected in this amount. A summary of activity is as follows:

	YEARS ENDED DECEMBER 31,		
	1996	1997	1998
	(IN MILLIONS)		
Balance at beginning of year	$ 689.7	746.1	866.4
Revenues less direct and allocated expenses before taxes	289.7	270.0	(136.3)
Net intercompany activity	(233.3)	(149.7)	(49.1)
Balance at end of year	$ 746.1	866.4	681.0

(7) INDUSTRY AND GEOGRAPHIC INFORMATION

The Business operates in one industry segment and is engaged in the design, development, manufacture and marketing of a wide variety of semiconductor products for the semiconductor industry and original equipment manufacturers. SCG operates in various geographic locations. In the information that follows, sales include local sales and exports made by operations within each area. To control costs, a substantial portion of SCG's products are transported between various SCG and SPS facilities in the process of being manufactured and sold. Accordingly, it is not meaningful to present interlocation transfers between SCG facilities on a stand alone basis. Sales to unaffiliated customers have little correlation with the location of manufacture. It is, therefore, not meaningful to present operating profit by geographical location.

SCG conducts a substantial portion of its operations outside of the United States and is subject to risks associated with non-U.S. operations, such as political risks, currency controls and fluctuations, tariffs, import controls and air transportation.

Property, plant and equipment by geographic location is summarized as follows:

	DECEMBER 31,	
	1997	1998
	(IN MILLIONS)	
United States	$283.2	210.4
Malaysia	97.2	102.7
Philippines	42.8	40.1
Japan	30.5	31.3
Mexico	28.6	30.3
Other foreign countries	131.9	97.5
Total	$614.2	512.3

(7) INDUSTRY AND GEOGRAPHIC INFORMATION (CONTINUED)

Sales to unaffiliated customers by geographic location is summarized as follows:

	YEARS ENDED DECEMBER 31,		
	1996	1997	1998
	(IN MILLIONS)		
United States	$ 766.1	804.4	636.4
Germany	106.1	107.7	108.0
Hong Kong	112.5	117.1	107.4
Japan	182.7	188.7	127.4
Singapore	115.8	137.6	98.2
Taiwan	80.1	81.9	71.0
Other foreign countries	384.7	377.8	345.0
Total	$1,748.0	1,815.2	1,493.4

As discussed in note 2, sales to other sectors of Motorola are treated as sales to unaffiliated customers.

(8) SUPPLEMENTAL CASH FLOW INFORMATION

As described in note 1, Motorola's cash management system is not designed to track centralized cash and related financing transactions to the specific cash requirements of the Business. In addition, SPS's transaction systems are not designed to track receivables and certain liabilities and cash receipts and payments on a business specific basis. Given these constraints, the following data are presented to facilitate analysis of key components of cash flow activity:

	YEARS ENDED DECEMBER 31,		
	1996	1997	1998
	(IN MILLIONS)		
Operating activities:			
Revenues less direct and allocated expenses before taxes	$ 289.7	270.0	(136.3)
Depreciation	130.6	133.3	129.2
Impairment write down on property, plant and equipment	--	--	53.9
(Increase) decrease in inventories	12.0	(86.8)	29.4
Decrease in other current assets	.9	1.1	4.5
Increase in other assets	(7.6)	(21.5)	(11.7)
Increase (decrease) in accounts payable and accrued expenses	(3.0)	6.4	70.0
Increase (decrease) in non-current liabilities	1.4	5.0	(8.7)
Cash flow from operating activities, excluding Motorola financing and taxes	424.0	307.5	130.3
Investing activities:			
Capital expenditures, net of transfers	(190.7)	(157.8)	(81.2)
Net financing provided to Motorola*	$ 233.3	149.7	49.1

* The difference between cash flow from operating activities and investing activities does not necessarily represent the cash flows of the Business, or the timing of such cash flows, had it operated on a stand-alone basis.

(9) RESTRUCTURING AND OTHER CHARGES

In June 1998, Motorola recorded a charge to cover restructuring costs related to the consolidation of manufacturing operations, the exit of non-strategic or poorly performing businesses and a reduction in worldwide employment by 20,000 employees. Asset impairment and other charges were also recorded for the writedown of assets which had become impaired as a result of current business conditions or business portfolio decisions. Motorola recorded its charge in the following restructuring categories:

CONSOLIDATION OF MANUFACTURING OPERATIONS

Consolidation of manufacturing operations relates to the closing of production and distribution facilities and selling or disposing of the machinery and equipment that was no longer needed and, in some cases, scrapping excess assets that had no net realizable value. The buildings associated with these production facilities, in many cases were sold to outside parties. Also included in this restructuring category were costs related to shutting down or reducing the capacity of certain production lines. In most cases, older facilities with older technologies or non-strategic products were closed. Machinery and equipment write downs related to equipment that would no longer be utilized comprised the majority of these costs. These assets have been deemed to be held for use until such time as they are removed from service and, therefore, no longer utilized in manufacturing products. An assessment was made as to whether or not there was an asset impairment related to the valuation of these assets in determining what the amount of the write down included in the restructuring charge should be for this machinery and equipment. This assessment utilized the anticipated future undiscounted cash flows generated by the equipment as well as its ultimate value upon disposition.

The charges in this restructuring category do not include any costs related to the abandonment or sub-lease of facilities, moving expenses, inventory disposals or write downs, or litigation or environmental obligations.

As part of the consolidation of manufacturing operations, certain SPS facilities in North Carolina, California, Arizona and the Philippines are being closed as planned. SPS is consolidating its production facilities into fewer integrated factories to achieve economies of scale and improved efficiencies and to capitalize on new technologies that should reduce operating costs.

BUSINESS EXITS

Business exit costs include costs associated with shutting down businesses that did not fit with Motorola's new strategy. In many cases, these businesses used older technologies that produced non-strategic products. The long-term growth and margins associated with these businesses were not in line with Motorola's expectations given the level of investment and returns. Included in these business exit costs were the costs of terminating technology agreements and selling or liquidating interests in joint ventures that did not fit with the new strategy of Motorola. Similar to consolidation of manufacturing operations, the charges in this restructuring category did not include any costs related to the abandonment or sublease of facilities, moving expenses, inventory disposals or write downs, or litigation or environmental obligations.

(9) RESTRUCTURING AND OTHER CHARGES (CONTINUED)

EMPLOYEE SEPARATIONS

Employee separation costs represent the costs of involuntary severance benefits for the 20,000 positions identified as subject to severance under the restructuring plan and special voluntary termination benefits offered beginning in the third quarter of 1998. The special voluntary termination benefits provided for one week of pay for each year of service between years 1-10, two weeks of pay for each year of service between years 11-19, and three weeks of pay for each year of service for year 20 and greater. The majority of employees who accepted special voluntary termination benefits did so by the end of the year, although severance payments were not completed by that time. The majority of the special voluntary termination benefits expired at the end of the fourth quarter of 1998.

As of December 31, 1998, approximately 13,800 employees have separated from Motorola through a combination of voluntary and involuntary severance programs. Of the 13,800 separated employees, approximately 8,200 were direct employees and 5,600 were indirect employees. Direct employees are primarily non-supervisory production employees, and indirect employees are primarily non-production employees and production managers.

ASSET IMPAIRMENTS AND OTHER CHARGES

As a result of current and projected business conditions, Motorola wrote down operating assets that became impaired. All impaired asset write downs have been reflected as contra assets in the combined balance sheet at December 31, 1998. The majority of the assets written down were used manufacturing equipment and machinery.

The amount of impairment charge for the assets written down was based upon an estimate of the future cash flows expected from the use of the assets, as well as upon their eventual disposition. These undiscounted cash flows were then compared to the net book value of the equipment, and impairment was determined based on that comparison. Cash flows were determined at the facility level for certain production facilities based upon anticipated sales value of the products to be produced and the costs of producing the products at those facilities. In cases in which sufficient cash flows were not going to be generated by the equipment at those facilities, the assets were written down to their estimated fair value. These estimated fair values were based upon what the assets could be sold for in a transaction with an unrelated third party. Since the majority of these assets were machinery and equipment, Motorola was able to utilize current market prices for comparable equipment in the marketplace in assessing what would be the fair value upon sale of the equipment.

Building writedowns were based on marketability factors of the building in the particular location.

Assets held for use continue to be depreciated based on an evaluation of their remaining useful lives and their ultimate values upon disposition. There were no assets held for sale at December 31, 1998 nor were any impaired assets disposed of prior to that date.

(9) RESTRUCTURING AND OTHER CHARGES (CONTINUED)

SCG'S RESTRUCTURING CHARGE

SCG's charges related to these actions were $189.8 million of which $53.9 million represented asset impairments charged directly against machinery and equipment. SCG's employment reductions will total approximately 3,900 of which approximately 2,500 (1,600 direct employees and 900 indirect employees) had separated from SCG as of December 31, 1998.

At December 31, 1998, $68.0 million of restructuring accruals remain outstanding. The following table displays a rollforward to December 31, 1998 of the accruals established during the second quarter of 1998:

	INITIAL CHARGES	AMOUNTS USED	ACCRUALS AT DECEMBER 31, 1998
		(IN MILLIONS)	
Consolidation of manufacturing operations	$ 13.2	--	13.2
Business exits	20.7	9.4	11.3
Employee separations	102.0	58.5	43.5
Total restructuring	135.9	67.9	68.0
Asset impairments and other charges	53.9	53.9	--
Total	$189.8	121.8	68.0

SCG's remaining accrual at December 31, 1998 of $13.2 million for the consolidation of manufacturing operations represents the finalization of the plant closings in Arizona and the Philippines. Within the business exits category, the remaining accrual of $11.3 million at December 31, 1998 relates to costs of exiting two unprofitable product lines. SCG's remaining accrual of $43.5 million at December 31, 1998 for employee separations relates to the completion of severance payments in Japan, Asia, the U.K. and Arizona.

SCG's total amount used of $121.8 million through December 31, 1998 reflects approximately $63.6 million in cash payments and $58.2 million in write-offs. The remaining $68.0 million accrual balance at December 31, 1998 is expected to be liquidated via cash payments.

(10) FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, "Disclosure about Fair Value of Financial Instruments," requires that the Business disclose estimated fair values for its financial instruments. The carrying amount of accounts payable and accrued liabilities is assumed to be the fair value because of the short-term maturity of these instruments.

(11) INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

SCG participates in joint ventures in China, Malaysia and Eastern Europe. Investments in these joint ventures totaled $31.3 million and $46.8 million at December 31, 1997 and 1998, respectively, and are included in other assets in the accompanying combined balance sheets. Earnings from

(11) INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES (CONTINUED)

these joint ventures totaled $2.4 million, $1.6 million, and $8.4 million for the years ended December 31, 1996, 1997, and 1998, respectively.

Summarized financial information for these joint ventures is as follows:

	DECEMBER 31,	
	1997	1998
	(IN MILLIONS)	
Total assets	$152.8	229.9
Total liabilities	$104.9	140.7
Total venturers' equity	$ 47.9	89.2

	YEARS ENDED DECEMBER 31,		
	1996	1997	1998
	(IN MILLIONS)		
Revenue	$33.8	102.8	120.0
Net income	$ 5.3	2.3	17.1

12. BUSINESS TRANSACTION

On May 11, 1999, affiliates of the Texas Pacific Group entered into an agreement with Motorola, providing for a recapitalization of the Business and certain related transactions, after which affiliates of Texas Pacific Group will own approximately 91% and Motorola will own approximately 9% of the outstanding voting stock of the Business. In addition, as part of these transactions, Texas Pacific Group will receive 1,500 shares and Motorola will receive 590 shares of mandatorily redeemable preferred stock of SCG Holding ("SCG Holding Preferred Stock") and Motorola will receive $91 million of junior subordinated notes of SCI LLC (the "Junior Subordinated Notes"). Cash payments to Motorola will be financed through equity investments by affiliates of Texas Pacific Group, borrowings under senior secured bank loan facilities and the issuance of senior subordinated notes due 2009.

SEMICONDUCTOR COMPONENTS GROUP OF

MOTOROLA, INC.

COMBINED BALANCE SHEETS

(IN MILLIONS)

	DECEMBER 31, 1998	(UNAUDITED) JULY 3, 1999
ASSETS		
Current assets:		
Inventories	$201.7	206.5
Other	9.2	10.9
Total current assets	210.9	217.4
Property, plant and equipment, net	512.3	470.8
Other assets	53.3	65.2
Total assets	$776.5	753.4
LIABILITIES AND BUSINESS EQUITY		
Current liabilities:		
Accounts payable	$ 9.5	9.1
Accrued expenses	81.4	59.5
Total current liabilities	90.9	68.6
Non-current liabilities	4.6	5.5
Commitments and contingencies		
Business equity	681.0	679.3
Total liabilities and business equity	$776.5	753.4

See accompanying notes to combined financial statements.

SEMICONDUCTOR COMPONENTS GROUP OF

MOTOROLA, INC.

COMBINED STATEMENTS OF REVENUES LESS DIRECT AND

ALLOCATED EXPENSES BEFORE TAXES

(IN MILLIONS)

	SIX MONTHS ENDED	
	JUNE 27, 1998	JULY 3, 1999
	(UNAUDITED)	
Revenues:		
Net sales--trade	$ 787.4	773.6
Direct and allocated costs and expenses:		
Cost of sales	550.5	548.9
Research and development	36.4	29.4
Selling and marketing	48.3	33.9
General and administrative	109.7	72.5
Restructuring and other charges	189.8	--
Operating costs and expenses	934.7	684.7
	(147.3)	88.9
Other income (expenses):		
Equity in earnings from joint ventures	1.7	2.7
Interest expense	(6.7)	(6.5)
Other expenses, net	(5.0)	(3.8)
Revenues less direct and allocated expenses before taxes	$(152.3)	85.1

See accompanying notes to combined financial statements.

SEMICONDUCTOR COMPONENTS GROUP OF

MOTOROLA, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

ALL INFORMATION AS OF JULY 3, 1999 AND FOR THE SIX MONTHS ENDED JUNE 27, 1998 AND JULY 3, 1999 IS UNAUDITED

(1) GENERAL

The Semiconductor Components Group ("SCG" or "the Business") is defined as the discrete and integrated circuits standard products of the Semiconductor Products Sector ("SPS") of Motorola, Inc. ("Motorola"), including Power BiPolar, Rectifiers, Thyristors, Zeners, TMOS, Analog, ECL, Small Signal and Logic Products.

The accompanying unaudited combined financial statements of the Semiconductor Components Group have been prepared in accordance with generally accepted accounting principles for interim financial information and on the basis of presentation as described in note 1 of the audited combined financial statements, included elsewhere in this document. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for financial statements. In the opinion of the Business, the interim data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods.

These unaudited interim combined financial statements should be read in conjunction with the combined financial statements and footnotes as of December 31, 1997 and 1998 and each of the years in the three-year period ended December 31, 1998.

(2) BUSINESS TRANSACTION

On May 11, 1999, affiliates of the Texas Pacific Group entered into an agreement with Motorola, providing for a recapitalization of the Business and certain related transactions, after which affiliates of Texas Pacific Group will own approximately 91% and Motorola will own approximately 9% of the outstanding voting stock of the Business. In addition, as part of these transactions, Texas Pacific Group will receive 1,500 shares and Motorola will receive 590 shares of mandatorily redeemable preferred stock of SCG Holding ("SCG Holding Preferred Stock") and Motorola will receive $91 million of junior subordinated notes of SCI LLC (the "Junior Subordinated Notes"). Cash payments to Motorola will be financed through equity investments by affiliates of Texas Pacific Group, borrowings under senior secured bank loan facilities and the issuance of senior subordinated notes due 2009.

(3) RELATED PARTY TRANSACTIONS

SCG manufactures products for other sectors of Motorola. Sales of these products are treated as external sales and are reflected in the accompanying unaudited interim combined statements of revenues less direct and allocated expenses before taxes with the related cost of sales. These sales totaled $52.9 million and $66.0 million for the six months ended June 27, 1998 and July 3, 1999, respectively.

(3) RELATED PARTY TRANSACTIONS (CONTINUED)

SCG also manufactures products, at cost, for other SPS divisions and these other divisions also manufacture products for SCG. The gross amounts charged to/from SCG for these products are summarized as follows:

	SIX MONTHS ENDED	
	JUNE 27, 1998	JULY 3, 1999
	(IN MILLIONS, UNAUDITED)	
Manufacturing services performed by other SPS divisions on behalf of SCG	$177.8	127.2
Manufacturing services performed by SCG and transferred at actual production costs to other SPS divisions	$ 87.0	79.6

Total amounts allocated to SCG for research and development, selling and marketing, and general and administrative expenses were as follows:

	SIX MONTHS ENDED	
	JUNE 27, 1998	JULY 3, 1999
	(IN MILLIONS, UNAUDITED)	
Research and development	$19.1	11.7
Selling and marketing	$ 2.3	1.8
General and administrative	$62.2	41.8

These cost allocations are included in the accompanying combined statements of revenues less direct and allocated expenses before taxes but are not necessarily indicative of the costs that would be incurred by the Business on a stand-alone basis.

(4) INTEREST EXPENSE

Motorola had net interest expense on a consolidated basis for all periods presented. These amounts have been allocated to SPS and in turn to SCG in the amount of approximately $6.7 million and $6.5 million for the six months ended June 27, 1998 and July 3, 1999, respectively, primarily on the basis of net assets. Management believes this allocation is reasonable, but it is not necessarily indicative of the cost that would have been incurred if the Business had been operated on a stand-alone basis.

(5) INVENTORIES

Inventories are stated at the lower of worldwide standard cost, which approximate actual cost on a first-in, first-out basis, or market. The main components of inventories are as follows:

	DECEMBER 31, 1998	JULY 3, 1999 (UNAUDITED)
	(IN MILLIONS)	
Raw materials	$ 20.0	16.5
Work in process	103.1	107.1
Finished goods	78.6	82.9
Total inventories	$201.7	206.5

(6) BUSINESS EQUITY

Business equity represents Motorola's ownership interest in the recorded net assets of SCG. All cash transactions, accounts receivable, accounts payable in the United States, other allocations and intercompany transactions are reflected in this amount. A summary of activity is as follows:

	YEAR ENDED DECEMBER 31, 1998	SIX MONTHS ENDED JULY 3, 1999 (UNAUDITED)
	(IN MILLIONS)	
Balance at beginning of year	$ 866.4	681.0
Revenues less direct and allocated expenses before taxes	(136.3)	85.1
Net intercompany activity	(49.1)	(86.8)
Balance at end of the period	$ 681.0	679.3

(7) SUPPLEMENTAL CASH FLOW INFORMATION

Motorola's cash management system is not designed to track centralized cash and related financing transactions to the specific cash requirements of the Business. In addition, SPS's transaction systems are not designed to track receivables and certain liabilities and cash receipts and

(7) SUPPLEMENTAL CASH FLOW INFORMATION (CONTINUED)

payments on a business specific basis. Given these constraints, the following data are presented to facilitate analysis of key components of cash flow activity:

	SIX MONTHS ENDED	
	JUNE 27, 1998	JULY 3, 1999
	(IN MILLIONS, UNAUDITED)	
Operating activities:		
Revenues less direct and allocated expenses before taxes	$ (152.3)	85.1
Depreciation	60.1	63.5
Impairment writedown on property, plant and equipment	53.9	--
Increase in inventories	(14.6)	(4.8)
Increase in other current assets	(.4)	(1.7)
(Increase) decrease in other assets	1.5	(11.9)
Increase (decrease) in accounts payable and accrued expenses	159.6	(22.3)
Increase (decrease) in non-current liabilities	(8.2)	0.9
Cash flow from operating activities, excluding Motorola financing and taxes	99.6	108.8
Investing activities:		
Capital expenditures, net of transfers	(65.2)	(22.0)
Net financing provided to Motorola*	$ 34.4	86.8

* The difference between cash flow from operating activities and investing activities does not necessarily represent the cash flows of the Business, or the timing of such cash flows, had it operated on a stand-alone basis.

(8) RESTRUCTURING AND OTHER CHARGES

In June 1998, Motorola recorded a charge to cover restructuring costs related to the consolidation of manufacturing operations, the exit of non-strategic or poorly performing businesses and a reduction in worldwide employment by 20,000. Asset impairment and other charges were also recorded for the writedown of assets which had become impaired as a result of current business conditions or business portfolio decisions.

SCG's charges related to these actions were $189.8 million of which $53.9 million represented asset impairments charged directly against machinery and equipment. SCG's employment reductions will total approximately 3,900 of which approximately 3,000 (1,800 direct employees and 1,200 indirect employees) had separated from SCG as of July 3, 1999.

(8) RESTRUCTURING AND OTHER CHARGES (CONTINUED)

At July 3, 1999, $45.5 million of restructuring accruals remain outstanding. The following tables display rollforwards from June 27, 1998, to December 31, 1998, and December 31, 1998 to July 3, 1999, of the accruals established during the second quarter of 1998:

	INITIAL CHARGES	1998 AMOUNTS USED	ACCRUALS AT DECEMBER 31, 1998
		(IN MILLIONS)	
Consolidation of manufacturing operations	$ 13.2	--	13.2
Business exits	20.7	9.4	11.3
Employee separations	102.0	58.5	43.5
Total restructuring	135.9	67.9	68.0
Asset impairments and other charges	53.9	53.9	--
Total	$189.8	121.8	68.0

	ACCRUALS AT DECEMBER 31, 1998	1999 AMOUNTS USED	ACCRUALS AT JULY 3, 1999
		(IN MILLIONS)	
Consolidation of manufacturing operations	$ 13.2	3.8	9.4
Business exits	11.3	6.4	4.9
Employee separations	43.5	12.3	31.2
Total restructuring	68.0	22.5	45.5
Asset impairments and other charges	--	--	--
Total	$ 68.0	22.5	45.5

SCG's remaining accrual at July 3, 1999 of $9.4 million for the consolidation of manufacturing operations represents the finalization of the plant closings in Arizona and the Philippines. Within the business exits category, the remaining accrual of $4.9 million at July 3, 1999 relates to costs of exiting two unprofitable product lines. SCG's remaining accrual of $31.2 million at July 3, 1999 for employee separations relates to the completion of severance payments in Japan, Asia, the U.K. and Arizona. SCG's total 1999 amount used of $22.5 million through July 3, 1999 reflects cash payments. The remaining $45.5 million accrual balance at July 3, 1999 is expected to be liquidated via cash payments.

(9) INDUSTRY AND GEOGRAPHIC INFORMATION

The Business operates in one industry segment and is engaged in the design, development, manufacture and marketing of a wide variety of semiconductor products for the semiconductor industry and original equipment manufacturers. SCG operates in various geographic locations. In the information that follows, sales include local sales and exports made by operations within each

(9) INDUSTRY AND GEOGRAPHIC INFORMATION (CONTINUED)

area. To control costs, a substantial portion of SCG's products are transported between various SCG and SPS facilities in the process of being manufactured and sold. Accordingly, it is not meaningful to present interlocation transfers between SCG facilities on a stand alone basis. Sales to unaffiliated customers have little correlation with the location of manufacture. It is, therefore, not meaningful to present operating profit by geographic location.

SCG conducts a substantial portion of its operations outside of the United States and is subject to risks associated with non-U.S. operations, such as political risks, currency controls and fluctuations, tariffs, import controls and air transportation.

Sales to unaffiliated customers by geographic location is summarized as follows:

	SIX MONTHS ENDED	
	JUNE 27, 1998	JULY 3, 1999
	(IN MILLIONS, UNAUDITED)	
United States	$346.5	321.2
Germany	63.6	53.9
Hong Kong	46.6	56.8
Japan	72.5	66.4
Singapore	46.5	62.4
Taiwan	32.4	30.1
Other foreign countries	179.3	182.8
Total	$787.4	773.6

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NO DEALER, SALESPERSON OR OTHER PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO REPRESENT ANYTHING NOT CONTAINED IN THIS PROSPECTUS OR IN THE ACCOMPANYING LETTER OF TRANSMITTAL. YOU MUST NOT RELY ON ANY UNAUTHORIZED INFORMATION OR REPRESENTATIONS. THIS PROSPECTUS AND THE ACCOMPANYING LETTER OF TRANSMITTAL ARE AN OFFER TO SELL OR TO BUY ONLY THE SECURITIES OFFERED HEREBY, BUT ONLY UNDER CIRCUMSTANCES AND IN JURISDICTIONS WHERE IT IS LAWFUL TO DO SO. THE INFORMATION CONTAINED IN THIS PROSPECTUS AND IN THE ACCOMPANYING LETTER OF TRANSMITTAL ARE CURRENT ONLY AS OF THEIR RESPECTIVE DATES.

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THROUGH AND INCLUDING , (THE 90TH DAY AFTER THE DATE OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THESE SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS OFFERING, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE DEALERS' OBLIGATION TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

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PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Limited Liability Company Agreements of Semiconductor Components Industries, LLC ("SCI LLC") and SCG International Development, LLC and the Certificates of Incorporation of SCG Holding Corporation ("SCG Holding"), SCG (Malaysia SMP) Holding Corporation, SCG (China) Holding Corporation, SCG (Czech) Holding Corporation and Semiconductor Components Industries Puerto Rico, Inc. (each, a "Co-Registrant") provide for indemnification of the Registrants' officers and directors or members, as the case may be.

The Limited Liability Company Agreements of SCI LLC and SCG International Development, LLC each provide for the indemnification of their sole Member, SCG Holding, their officers, and each of their respective affiliates, officers, directors, shareholders, agents or employees if such persons acted in furtherance of the interests of the respective company's interest and no court of competent jurisdiction decides that the actions of such persons constituted bad faith, gross negligence or willful misconduct.

The Certificate of Incorporation for each of the remaining Co-Registrants provides for the indemnification of all persons, including its directors, whom it may indemnify to the fullest extent permitted by the General Corporation Law of the State of Delaware (the "DGCL). Section 145 of the DGCL provides as follows:

145 INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS; INSURANCE--

(a) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made

in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

To the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this section, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Any Indemnification under subsections (a) and (b) of this section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b) of this section. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in this section. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person in any such capacity or arising out of such person's status as such whether or not the corporation would have the power to indemnify such person against such liability under this section.

For purposes of this section, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same

position under this section with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

For purposes of this section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section.

The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Court of Chancery is hereby vested with exclusive jurisdiction to hear and determine all actions for advancement of expenses or indemnification brought under this section or under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. The Court of Chancery may summarily determine a corporation's obligation to advance expenses (including attorneys' fees).

The Registrant also carries liability insurance covering officers and directors.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

EXHIBITS. A list of exhibits included as part of this Registration Statement is set forth in the Exhibit Index which immediately precedes such exhibits and is hereby incorporated by reference herein.

ITEM 22. UNDERTAKINGS.

(a) The undersigned registrants hereby undertake that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrants' annual reports pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plans annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions, or otherwise, the registrants have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by any such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11, or 13 of this Form S-4, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(d) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each registrant has duly caused this registration statement to be signed on behalf by the undersigned, thereunto duly authorized, in the City of Phoenix, State of Arizona, on November 5, 1999.

SCG HOLDING CORPORATION

BY: /S/ STEVE HANSON

NAME: STEVE HANSON
TITLE: PRESIDENT

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated, on November 5, 1999.

SIGNATURE	TITLES	DATE
/s/ STEVE HANSON Steve Hanson	President and Director of the registrant	November 5, 1999
/s/ DARIO SACOMANI Dario Sacomani	Senior Vice President, Chief Financial Officer and Chief Accounting Officer of the registrant	November 5, 1999
/s/ CURTIS J. CRAWFORD* Curtis J. Crawford	Chairman of the Board of Directors of the registrant	November 5, 1999
/s/ DAVID BONDERMAN* David Bonderman	Director of the registrant	November 5, 1999
/s/ RICHARD W. BOYCE* Richard W. Boyce	Director of the registrant	November 5, 1999
/s/ JUSTIN T. CHANG* Justin T. Chang	Director of the registrant	November 5, 1999
/s/ DAVID M. STANTON* David M. Stanton	Director of the registrant	November 5, 1999

*By: /s/ DARIO SACOMANI

Dario Sacomani, AS ATTORNEY-IN-FACT

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each registrant has duly caused this registration statement to be signed on behalf by the undersigned, thereunto duly authorized, in the City of Phoenix, State of Arizona, on November 5, 1999.

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

BY: /S/ STEVE HANSON

NAME: STEVE HANSON
TITLE: PRESIDENT

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated, on November 5, 1999.

SIGNATURE	TITLE(S)	DATE
/s/ STEVE HANSON Steve Hanson	President of the registrant and Director of SCG Holding Corporation (the sole member of the registrant)**	November 5, 1999
/s/ DARIO SACOMANI Dario Sacomani	Financial Officer and Chief Accounting Officer of the registrant	November 5, 1999
/s/ CURTIS J. CRAWFORD* Curtis J. Crawford	Chairman of the Board of Directors of SCG Holding Corporation (the sole member of the registrant)**	November 5, 1999
/s/ DAVID BONDERMAN* David Bonderman	Director of SCG Holding Corporation (the sole member of the registrant)**	November 5, 1999
/s/ RICHARD W. BOYCE* Richard W. Boyce	Director of SCG Holding Corporation (the sole member of the registrant)**	November 5, 1999
/s/ JUSTIN T. CHANG* Justin T. Chang	Director of SCG Holding Corporation (the sole member of the registrant)**	November 5, 1999
/s/ DAVID M. STANTON* David M. Stanton	Director of SCG Holding Corporation (the sole member of the registrant)**	November 5, 1999

*By: /s/ DARIO SACOMANI

Dario Sacomani, AS ATTORNEY-IN-FACT

** As a Delaware limited liability company, the registrant does not have any directors.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each registrant has duly caused this registration statement to be signed on behalf by the undersigned, thereunto duly authorized, in the City of Phoenix, State of Arizona, on November 5, 1999.

SCG INTERNATIONAL DEVELOPMENT, LLC

BY: /S/ STEVE HANSON

NAME: STEVE HANSON
TITLE: PRESIDENT

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated, on November 5, 1999.

SIGNATURE	TITLES	DATE
/s/ STEVE HANSON Steve Hanson	President of the registrant and Director of SCG Holding Corporation (the sole member of Semiconductor Components Industries, LLC, the sole member of the registrant)**	November 5, 1999
/s/ DARIO SACOMANI Dario Sacomani	Senior Vice President, Chief Financial Officer and Chief Accounting Officer of the registrant	November 5, 1999
/s/ CURTIS J. CRAWFORD* Curtis J. Crawford	Chairman of the Board of Directors of SCG Holding Corporation (the sole member of Semiconductor Components Industries, LLC, the sole member of the registrant)**	November 5, 1999
/s/ DAVID BONDERMAN* David Bonderman	Director of SCG Holding Corporation (the sole member of Semiconductor Components Industries, LLC, the sole member of the registrant)**	November 5, 1999
/s/ RICHARD W. BOYCE* Richard W. Boyce	Director of SCG Holding Corporation (the sole member of Semiconductor Components Industries, LLC, the sole member of	November 5, 1999

SIGNATURE	TITLES	DATE
	the registrant)**	
/s/ JUSTIN T. CHANG* Justin T. Chang	Director of SCG Holding Corporation (the sole member of Semiconductor Components Industries, LLC, the sole member of the registrant)**	November 5, 1999
/s/ DAVID M. STANTON* David M. Stanton	Director of SCG Holding Corporation (the sole member of Semiconductor Components Industries, LLC, the sole member of the registrant)**	November 5, 1999

*By: /s/ DARIO SACOMANI
Dario Sacomani, AS ATTORNEY-IN-FACT

** As Delaware limited liability companies, neither the registrant nore its sole member, Semiconductor Components Industries, LLC, has any directors.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each registrant has duly caused this registration statement to be signed on behalf by the undersigned, thereunto duly authorized, in the City of Phoenix, State of Arizona, on November 5, 1999.

SCG (MALAYSIA SMP) HOLDING CORPORATION

BY: /S/ STEVE HANSON

NAME: STEVE HANSON
TITLE: PRESIDENT

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated, on November 5, 1999.

SIGNATURE	TITLES	DATE
/s/ STEVE HANSON Steve Hanson	President of the registrant	November 5, 1999
/s/ DARIO SACOMANI Dario Sacomani	Senior Vice President, Chief Financial Officer and Chief Accounting Officer of the registrant	November 5, 1999
/s/ GEORGE H. CAVE George H. Cave	Director of the registrant	November 5, 1999
/s/ JEAN-JAQUES MORIN Jean-Jaques Morin	Director of the registrant	November 5, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each registrant has duly caused this registration statement to be signed on behalf by the undersigned, thereunto duly authorized, in the City of Phoenix, State of Arizona, on November 5, 1999.

SCG (CHINA) HOLDING CORPORATION

BY: /S/ STEVE HANSON

NAME: STEVE HANSON
TITLE: PRESIDENT

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated, on November 5, 1999.

SIGNATURE	TITLES	DATE
/s/ STEVE HANSON Steve Hanson	President of the registrant	November 5, 1999
/s/ DARIO SACOMANI Dario Sacomani	Senior Vice President, Chief Financial Officer and Chief Accounting Officer of the registrant	November 5, 1999
/s/ GEORGE H. CAVE George H. Cave	Director of the registrant	November 5, 1999
/s/ JEAN-JACQUES MORIN Jean-Jacques Morin	Director of the registrant	November 5, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each registrant has duly caused this registration statement to be signed on behalf by the undersigned, thereunto duly authorized, in the City of Phoenix, State of Arizona, on November 5, 1999.

SEMICONDUCTOR COMPONENTS INDUSTRIES PUERTO RICO, INC.

BY: /S/ STEVE HANSON

NAME: STEVE HANSON
TITLE: PRESIDENT

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated, on November 5, 1999.

SIGNATURE	TITLES	DATE
/s/ STEVE HANSON Steve Hanson	President of the registrant	November 5, 1999
/s/ DARIO SACOMANI Dario Sacomani	Senior Vice President, Chief Financial Officer and Chief Accounting Officer of the registrant	November 5, 1999
/s/ GEORGE H. CAVE George H. Cave	Director of the registrant	November 5, 1999
/s/ JEAN-JACQUES MORIN Jean-Jacques Morin	Director of the registrant	November 5, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each registrant duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Phoenix, State of Arizona, on November 5, 1999.

SCG (CZECH) HOLDING CORPORATION

BY: /S/ STEVE HANSON

NAME: STEVE HANSON
TITLE: PRESIDENT

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated, on

SIGNATURE	TITLES	DATE
/s/ STEVE HANSON Steve Hanson	President of the registrant	November 5, 1999
/s/ DARIO SACOMANI Dario Sacomani	Senior Vice President, Chief Financial Officer and Chief Accounting Officer of the registrant	November 5, 1999
/s/ GEORGE H. CAVE George H. Cave	Director of the registrant	November 5, 1999
/s/ JEAN-JACQUES MORIN Jean-Jacques Morin	Director of the registrant	November 5, 1999

EXHIBIT INDEX

2.1	Reorganization Agreement, dated as of May 11, 1999, among Motorola, Inc., SCG Holding Corporation and Semiconductor Components Industries LLC.*+
2.2	Agreement and Plan of Recapitalization and Merger, as amended, dated as of May 11, 1999, among SCG Holding Corporation, Semiconductor Components Industries, LLC, Motorola, Inc., TPG Semiconductor Holdings LLC, and TPG Semiconductor Acquisition Corp.*+
2.3	Amendment No. 1 to Agreement and Plan of Recapitalization and Merger, dated as of July 28, 1999, among SCG Holding Corporation, Semiconductor Components Industries, LLC, Motorola, Inc., TPG Semiconductor Holdings LLC, and TPG Semiconductor Acquisition Corp.*+
3.1	Amended and Restated Certificate of Incorporation of SCG Holding Corporation*
3.2	Certificate of Limited Liability Company of Semiconductor Components Industries, LLC*
3.3	Certificate of Incorporation of SCG (Malaysia SMP) Holding Corporation*
3.4	Amended and Restated Certificate of Incorporation of SCG (China) Holding Corporation*
3.5	Amended and Restated Certificate of Incorporation of SCG (Czech) Holding Corporation*
3.6	Amended and Restated Certificate of Incorporation of Semiconductor Components Industries Puerto Rico, Inc.*
3.7	Certificate of Limited Liability Company of SCG International Development, LLC*
3.8	Bylaws of SCG Holding Corporation*
3.9	Limited Liability Company Agreement of Semiconductor Components Industries, LLC*
3.10	Bylaws of SCG (Malaysia SMP) Holding Corporation*
3.11	Bylaws of SCG (China) Holding Corporation*
3.12	Bylaws of SCG (Czech) Holding Corporation*
3.13	Bylaws of Semiconductor Components Industries Puerto Rico, Inc.*
3.14	Limited Liability Company Agreement of SCG International Development, LLC*
4.1	Indenture, dated as of August 4, among SCG Holding Corporation, Semiconductor Components Industries, LLC and State Street Bank and Trust Company, as trustee, relating to the 12% Senior Subordinated Notes due 2009*
4.2	Form of 12% Senior Subordinated Note due 2009 of SCG Holding Corporation and Semiconductor Components Industries, LLC (the "Initial Note") (included as Exhibit A to The Indenture filed as Exhibit 4.1)
4.3	Form of 12% Senior Subordinated Note due 2009 of SCG Holding Corporation and Semiconductor Components Industries, LLC (the "Exchange Note") (included as Exhibit B to the Indenture filed as Exhibit 4.1)
4.4	Junior Subordinated Note Due 2011 payable to Motorola, Inc.*
4.5	Exchange Offer and Registration Rights Agreement, dated August 4, 1999, Semiconductor Components Industries, LLC, SCG Holding Corporation, the subsidiary guarantors of SCG Holding Corporation*
5.1	Opinion of Cleary, Gottlieb, Steen & Hamilton regarding the legality of Exchange Notes*

10.1	Purchase Agreement, dated as of August 4, 1999, among SCG Holding Corporation, Semiconductor Components Industries, LLC, Chase Securities Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Lehman Brothers Inc.*
10.2	Credit Agreement, dated as of August 4, 1999, among SCG Holding Corporation, Semiconductor Components Industries, LLC, The Chase Manhattan Bank, as Administrative Agent, Credit Lyonnais New York Branch as Co-Documentation Agent, DLJ Capital Funding, Inc., as Co-Documentation Agent, Lehman Commercial Paper Inc., as Co-Documentation Agent and Chase Securities Inc., as Arranger and the other financial institutions party thereto*
10.3	Guarantee Agreement, dated as of August 4, 1999, among SCG Holding Corporation, the subsidiary guarantors of SCG Holding Corporation that are signatories thereto, and The Chase Manhattan Bank, as collateral agent*
10.4	Security Agreement, dated as of August 4, 1999, among Semiconductor Components Industries, LLC, SCG Holding Corporation, the subsidiary guarantors of SCG Holding Corporation that are signatories thereto, and The Chase Manhattan Bank, as collateral agent*++
10.5	Amended and Restated Intellectual Property Agreement, dated August 4, 1999, among Semiconductor Components Industries, LLC and Motorola, Inc.*++
10.6	Transition Services Agreement, dated August 4, 1999, among Motorola, Inc., SCG Holding Corporation, and Semiconductor Components Industries, LLC*
10.7	Employee Matters Agreements, as amended, dated July 30, 1999, among Semiconductor Components Industries, LLC, SCG Holding Corporation and Motorola, Inc.**
10.8	Motorola Assembly Agreement, dated July 31, 1999, among Semiconductor Components Industries, LLC and Motorola, Inc.*++
10.9	SCG Assembly Agreement, dated July 31, 1999, among Semiconductor Components Industries, LLC and Motorola, Inc.*++
10.10	Motorola Foundry Agreement, dated July 31, 1999, among Semiconductor Components Industries, LLC and Motorola, Inc.*++
10.11	SCG Foundry Agreement, dated July 31, 1999, among Semiconductor Components Industries, LLC and Motorola, Inc.*++
10.12	Equipment Lease and Repurchase Agreement, dated July 31, 1999, among Semiconductor Components Industries, LLC and Motorola, Inc.*
10.13	Equipment Passdown Agreement, dated July 31, 1999, among Semiconductor Components Industries, LLC and Motorola, Inc.*++
10.14	SCG Holding Corporation 1999 Founders Stock Option Plan*
10.15	Lease for 52nd Street property, dated July 31, 1999, among Motorola Inc. as Lessor and Semiconductor Components Industries, LLC, as Lessee*
10.16	Lease for U.S. Locations (Mesa, Chandler, 56th Street and Tempe), dated July 31, 1999, among Semiconductor Components Industries, LLC as Lessor, and Motorola, Inc. as Lessee*
10.17	Declaration of Reciprocal Covenants, Easement of Restrictions and Options to Purchase and Lease, dated July 31, 1999, among Semiconductor Components Industries, LLC and Motorola, Inc.*
10.18	Employment Agreement, dated as of October 27, 1999, between Semiconductor Components Industries, LLC and Steve Hanson*

10.19	Employment Agreement, dated as of September 13, 1999, between Semiconductor Components Industries, LLC and Michael Rohleder*
10.20	Employment Agreement, dated as of , between Semiconductor Components Industries, LLC and James Thorburn**
10.21	Employment Agreement, dated as of October 27, 1999, between Semiconductor Components Industries, LLC and William George*
10.22	Employment Agreement, dated as of October 27, 1999, between Semiconductor Components Industries, LLC and Dario Sacomani*
12.1	Calculation of Ratio of Earnings to Fixed Charges*
21.1	List of Significant Subsidiaries*
23.1	Consent of KPMG LLP, independent accountants*
23.2	Consent of Cleary, Gottlieb, Steen & Hamilton (included in its opinion filed as Exhibit 5.1)*
24.1	Power of Attorney*
25.1	Form T-1 with respect to the eligibility of State Street Bank & Trust Company with respect to the Indenture*
27.1	Financial Data Schedule*
99.1	Form of Letter of Transmittal**
99.2	Form of Notice of Guaranteed Delivery**
99.3	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees**
99.4	Form of Letter to Clients**
99.5	Stockholders Agreement dated as of August 4, 1999 among SCG Holding Corporation, TPG Semiconductor Holdings, LLC and Motorola, Inc.*

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* Filed herewith.

** To be filed by amendment.

\+ Schedules or other attachments to these exhibits not filed herewith shall be furnished to the Commission upon request.

++ Portions of these exhibits have been omitted pursuant to a request for confidential treatment.

Exhibit 2.1

EXECUTION COPY

REORGANIZATION AGREEMENT

by and among

MOTOROLA, INC.,

SCG HOLDING CORPORATION

and

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

dated

as of May 11, 1999

TABLE OF CONTENTS

REORGANIZATION AGREEMENT

This REORGANIZATION AGREEMENT dated as of the 11th day of May, 1999 ("AGREEMENT") by and among Motorola, Inc., a Delaware corporation ("MOTOROLA"), SCG Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of Motorola (the "COMPANY"), and Semiconductor Components Industries, LLC, a Delaware limited liability company, of which the Company is the sole member ("SCILLC").

RECITALS

A. Motorola engages through its Semiconductor Components Group ("SCG") in the development, manufacture and sale of discrete and integrated circuit semiconductor products and related products.

B. The Business (as defined herein) of SCG is conducted from locations in the United States and several foreign countries.

C. Motorola believes that it is in the best interests of this Business that the business, assets and operations of SCG be reorganized so that it is a "stand alone" business.

D. In furtherance of such reorganization prior to the date hereof the transfers set forth in SECTION 2.1 were consummated.

E. The purpose of this Agreement is to finalize the reorganization of the operations of SCG as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, conditions, representations, warranties and agreements hereinafter set forth, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 PREVIOUSLY DEFINED TERMS. Each term defined in the first paragraph and Recitals shall have the meaning set forth above whenever used herein, unless otherwise expressly provided herein or unless the context hereof clearly requires otherwise.

1.2 GENERAL DEFINITIONS. Whenever used herein, the following terms shall have the meanings set forth below unless otherwise expressly provided or unless the context clearly requires otherwise:

"ADDITIONAL SWITZERLAND ASSETS" has the meaning ascribed to such term in SECTION 2.24(c).

"ADDITIONAL SWITZERLAND ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.24(c).

"ADR" has the meaning ascribed to such term in SECTION 4.3(c).

"AFFILIATE" of a Person means any Person controlling, controlled by, or under common control with, such Person. For purposes of this definition, "control" means the power to direct the management and policies of a Person, whether through the ownership of voting securities, by agreement or otherwise.

"ASSUMED LIABILITIES" means, with respect to any Transferor, MSSB and MPI, any and all liabilities of such Transferor, MSSB and MPI of any nature, whether direct or indirect, known or unknown, or absolute or contingent, to the extent arising out of or relating to the conduct of the Business or the ownership and operation of the Purchased Assets, including, without limitation, the obligations and liabilities set forth in SCHEDULE 1.2(a) (but excluding the Retained Liabilities).

"BRAZIL SUB" has the meaning ascribed to such term in SECTION 2.3.

"BUSINESS" means the business and operations of SCG including, without limitation, the design, development, manufacture, marketing and sale of the semiconductor products set forth on SCHEDULE 1.2(b), it being understood, however, that the Business shall include (1) with respect to all patents, trademarks, know how, software, mask works, copyrights or other intellectual property, only those rights and obligations of the Company under the Intellectual Property Agreement; (2) the Purchased Assets, and (3) all rights and obligations of the Company under the Collateral Agreements; PROVIDED, HOWEVER, that the term "Business" shall not include Excluded Assets (except to the extent such Excluded Assets may be used to provide benefits to the Company under a Collateral Agreement).

"CANADA ASSETS" has the meaning ascribed to such term in SECTION 2.4(b).

"CANADA ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.4(b).

"CANADA NOTE" has the meaning ascribed to such term in SECTION 2.4(c).

"CANADA SUB" has the meaning ascribed to such term in SECTION 2.4(a).

"CHINA ASSETS" has the meaning ascribed to such term in SECTION 2.5(b).

"CHINA ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.5(b).

"CHINA HOLDINGS" means SCG China Holdings, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company.

"CHINA NOTE" has the meaning ascribed to such term in SECTION 2.5(c).

"CHINA OFFICES" has the meaning ascribed to such term in SECTION 2.5(a).

"CLOSING" has the meaning ascribed to such term in SECTION 3.1.

"CODY RESTRUCTURING" means the restructuring adopted by Motorola more particularly described in EXHIBIT A.

"COLLATERAL AGREEMENT" or "COLLATERAL AGREEMENTS" means the Company/SCI Quit-Claim Deed, Bill of Sale and Severance Agreement, the Existing Ground Lease, the Intellectual Property Agreement and the agreements set forth in SECTION 3.2, individually or collectively, respectively.

"COMPANY" has the meaning ascribed to such term in the introductory paragraph of this Agreement.

"COMPANY CHINA NOTE" has the meaning ascribed to such term in SECTION 2.5(d).

"COMPANY MALAYSIA NOTE" has the meaning ascribed to such term in SECTION 2.16(f).

"COMPANY NOTES" means, collectively, the Canada Note, China Note, Company China Note, Company Malaysia Note, Czech Note, Finland Note, France Note, Germany Note, Hong Kong Note, India Note, Israel Note, Italy Note, Japan Note, Korea Note, MESB Note, Mexico Note, MMSB Note, Motorola Switzerland Branch Note, Singapore Note, Spain Note, Sweden Note, Switzerland Note, Taiwan Note, Thailand Note, UK Note and such other similar notes as may be issued in respect of the transactions contemplated herein.

"CZECH ASSETS" has the meaning ascribed to such term in SECTION 2.6(b).

"CZECH ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.6(b).

"CZECH HOLDINGS" means SCG Czech Holdings, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company.

"CZECH NOTE" has the meaning ascribed to such term in SECTION 2.6(c).

"CZECH SUB" has the meaning ascribed to such term in SECTION 2.6(a).

"EFFECTIVE DATE" has the meaning ascribed to such term in SECTION 3.1.

"EFFECTIVE DATE TRANSFERRED EMPLOYEE ACCRUALS" shall mean the following amounts, determined as the agreed or accrued amount, as the case may be, as of the Effective Date:

(1) accrued vacation, only to the extent that U.S. Transferred Employees leave SCG within two years after Closing; payable when invoiced, with the maximum amount of such accrued vacation to be determined as of the Effective Date and to be reduced 1/24 per month following the Effective Date and reduced by the amount of vacation time taken by U.S. Transferred Employees;

(2) accrued attendance bonuses, which shall be determined as of the Effective Date and shall be equal to the product of (x) the amount outstanding as of 12-31-99 and (y) the quotient of (A) number of calendar months elapsed between 1-1-99 and Closing and (B) 12, with all bonuses payable at year end. There shall be a similar pro-ration for employees who terminate between Closing and 12-31-99 and have accrued attendance bonus as of the date of termination;

(3) MEIP payment liabilities accrued prior to the Effective Date to the extent such payment liabilities relate to U.S. Transferred Employees; and

(4) liabilities incurred for payroll and payroll taxes with respect to periods prior to the Effective Date, other than such liabilities incurred with respect to Motorola Philippines, MSSB, ISMF and Guadalajara.

"EMPLOYEE MATTERS AGREEMENT" has the meaning ascribed to such term in SECTION 3.3(A)(II).

"ENVIRONMENTAL LAWS" means applicable federal, state, local or non-U.S. laws or any statute, ordinance, regulation, binding agreement with a Governmental Authority, Company Permit, or order, as the foregoing are enacted, amended, issued, interpreted, or entered into and in effect on the Effective Date, relating to pollution or protection of the environment, natural resources or human health, including laws relating to the Releases of Hazardous Substances.

"ENVIRONMENTAL LIABILITIES" means all obligations and liabilities, whether direct or indirect, known or unknown, and in each case imposed by, under or pursuant to Environmental Laws (including, but not limited to, all such obligations and liabilities related to Remediations, and all fines, penalties, deficiencies, interest, awards, fees, capital costs, disbursements and expenses of counsel, experts, contractors, personnel and consultants) based on, arising out of or otherwise in respect of: (i) the Business; (ii) conditions existing on or under the Real Property or property or facilities formerly owned or operated by the Business; (iii) the Release of, or exposure to, Hazardous Substances; and (iv) compliance with any and all requirements of Environmental Laws by the Business; PROVIDED, HOWEVER, that the term "Environmental Liabilities" as used in this Agreement shall not include any liabilities or obligations of any Joint Venture, whether

direct or indirect, known or unknown, imposed by, under or pursuant to any Environmental Law (including, but not limited to, any such obligations or liabilities related to Remediations, or any fines, penalties, deficiencies, interest, awards, fees, capital costs, disbursements or expenses of counsel, experts, contractors, personnel or consultants).

"EURL" has the meaning ascribed to such term in SECTION 2.8(a).

"EUROPE SUBS" has the meaning ascribed to such term in SECTION 2.18(b).

"EXCLUDED ASSETS" means all of the assets, properties and rights of any Transferor that are not included in the Purchased Assets as well as the following specific assets, properties and rights of any Transferor:

(i) all machinery, equipment, furniture, furnishings, automobiles, trucks, vehicles, tools, dies, molds and parts and similar property listed as on SCHEDULE 1.2(c) as such Schedule may be amended prior to Closing;

(ii) all machinery, equipment, furniture, furnishings, automobiles, trucks, vehicles, tools, dies and parts and similar property (excluding inventory--raw materials, piece parts, work-in-progress and finished goods--of the Business on the Closing Date) located at sites where Motorola is providing assembly, foundry or manufacturing services under a Collateral Agreement, except as provided in SCHEDULE 1.2(d); PROVIDED FURTHER, HOWEVER, that Motorola and the Company contemplate, as evidenced by the relevant Collateral Agreement, that Motorola shall retain such machinery, equipment, furniture, furnishings, automobiles, trucks, vehicles, tools, dies and parts and similar property (excluding the SCG Inventory) to provide benefits to the Company in accordance with such Collateral Agreement except as provided in SCHEDULE 1.2(d);

(iii) the inventory of MBG (including inventory--raw materials, piece parts, work-in-progress and finished goods--located at sites where the Company is providing assembly, foundry or manufacturing services under a Collateral Agreement);

(iv) (x) all contracts, arrangements, licenses, leases and other agreements not relating primarily or exclusively to the Business and (y) all of the rights of any Transferee under any Shared Contract to the extent allocated to Motorola in accordance with SECTION 4.4, including without limitation, any right to receive payment for products sold or services rendered, and to receive goods and services and to assert claims and take other rightful actions in respect of breaches, defaults or other violations of such contracts, arrangements, licenses, leases and other agreements;

(v) any claim, right or interest of any Transferor in and to any refund for taxes for any period prior to the Effective Date;

(vi) any accounts receivable, credits, prepaid expenses, deferred charges and taxes, advance payments, security deposits, prepaid items and other current

assets relating to the Business, excluding the third-party accounts receivable, credits, prepaid expenses, deferred charges and taxes, advance payments, security deposits, prepaid items and other current assets relating to the Business of Motorola Philippines, MMSB, ISMF and Guadalajara; notwithstanding the foregoing, any accounts receivable constituting trade receivables of Motorola Mexico shall be Excluded Assets;

(vii) any intellectual property rights, including any right, title or interest to the name "Motorola" or the related trademark, except as expressly provided in the Intellectual Property Agreement;

(viii) all of the rights, claims or causes of action of Motorola or any Transferor to the extent they do not relate to the Business or they relate to the Excluded Assets;

(ix) except as provided in clause (x) of the definition of "Purchased Assets, "any rights to any insurance policies held or maintained by any Transferor, including without limitation, any rights to any proceeds payable pursuant to such insurance policies;

(x) any rights or benefits arising on or prior to the Closing Date related to (i) intercompany trade payables, (ii) transactions pursuant to any master service agreement between SCG and any Motorola entity, (iii) intercompany trade receivables, (iv) with respect to the matters in subclauses (i), (ii) and (iii)of this clause (x), matters settled by the London Netting System maintained by Motorola, (v) the 1997 Partnership Agreement between Motorola, Inc., for its Equipment Groups, and Motorola SPS, and (vi) the Mediation Agreement, dated January 1, 1993 between Motorola and Motorola Mexico;

(xi) any Transferor's cash on hand or on deposit in banks or in transit to banks, or any other cash equivalents; and

(xii) Non-SCG Philippine Assets.

"EXISTING MOTOROLA NON-U.S. ENTITIES" means the entities listed on SCHEDULE 1.2(E), but shall not include the Joint Ventures.

"EXISTING SCG ENTITY" means any of Motorola, the Company or any of the Existing Motorola Non-U.S. Entities.

"EXPATRIATE EMPLOYEES" means (a) those employees hired in one country by an Existing SCG Entity and (b) who have been designated as expatriates and assigned or sent to work in another country on a temporary basis.

"FINLAND ASSETS" has the meaning ascribed to such term in SECTION 2.7(b).

"FINLAND ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.7(b).

"FINLAND BRANCH" has the meaning ascribed to such term in SECTION 2.7(a).

"FINLAND NOTE" has the meaning ascribed to such term in SECTION 2.7(c).

"FRANCE ASSETS" has the meaning ascribed to such term in SECTION 2.8(b).

"FRANCE ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.8(b).

"FRANCE NOTE" has the meaning ascribed to such term in SECTION 2.8(c).

"FRANCE SUB" has the meaning ascribed to such term in SECTION 2.8(a).

"GERMANY ASSETS" has the meaning ascribed to such term in SECTION 2.9(b).

"GERMANY ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.9(b).

"GERMANY NOTE" has the meaning ascribed to such term in SECTION 2.9(c).

"GERMANY SUB" has the meaning ascribed to such term in SECTION 2.9(a).

"GOVERNMENTAL AUTHORITY" means the governments of Brazil, Canada, China, the Czech Republic, Finland, France, Germany, Hong Kong, India, Israel, Italy, Japan, Korea, Malaysia, Mexico, the Netherlands, the Philippines, Puerto Rico, Singapore, Slovakia, Spain, Sweden, Switzerland, Taiwan, Thailand, the United Kingdom, the United States or any other country or any state, province, municipality or other political subdivision thereof or therein, or any court, tribunal, agency, department, board or commission (including regulatory and administrative bodies) of any of the foregoing.

"GUADALAJARA" means the Business activities of Motorola Mexico at the Guadalajara factory in Mexico.

"HAZARDOUS SUBSTANCES" means any pollutants, contaminants, hazardous or toxic substances or wastes, friable asbestos, petroleum or any fraction or derivative thereof, radioactive materials or any other element, compound, mixture, solution or substance that is classified or regulated under any Environmental Law.

"HIGH LEVEL MANAGEMENT EMPLOYEE" has the meaning ascribed to such term in SECTION 4.3(b).

"HONG KONG ASSETS" has the meaning ascribed to such term in SECTION 2.10(b).

"HONG KONG ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.10(b).

"HONG KONG NOTE" has the meaning ascribed to such term in SECTION 2.10(c).

"HONG KONG SUB" has the meaning ascribed to such term in SECTION 2.10(a).

"INACTIVE SCG EMPLOYEES" means SCG Employees who, immediately prior to the Closing Date, are absent from work due to an authorized leave of absence or due to long term disability, or short term disability, including, without limitation, those employees identified on SCHEDULE 1.2(f).

"INDIA ASSETS" has the meaning ascribed to such term in SECTION 2.11(b).

"INDIA ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.11(b).

"INDIA NOTE" has the meaning ascribed to such term in SECTION 2.11(b).

"INDIA SUB" has the meaning ascribed to such term in SECTION 2.11(a).

"INITIAL NOTICE" has the meaning ascribed to such term in SECTION 4.3(a).

"INTELLECTUAL PROPERTY AGREEMENT" means the Intellectual Property Agreement to be entered into between Motorola and the Company.

"ISMF" means the Business activities of MESB at the facility known as ISMF in Malaysia.

"ISRAEL ASSETS" has the meaning ascribed to such term in SECTION 2.12(b).

"ISRAEL ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.12(b).

"ISRAEL BRANCH" has the meaning ascribed to such term in SECTION 2.12(a).

"ISRAEL NOTE" has the meaning ascribed to such term in SECTION 2.12(c).

"ITALY ASSETS" has the meaning ascribed to such term in SECTION 2.13(b).

"ITALY ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.13(b).

"ITALY NOTE" has the meaning ascribed to such term in SECTION 2.13(c).

"ITALY SUB" has the meaning ascribed to such term in SECTION 2.13(a).

"JAPAN ASSETS" has the meaning ascribed to such term in SECTION 2.14(b).

"JAPAN ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.14(b).

"JAPAN NOTE" has the meaning ascribed to such term in SECTION 2.14(c).

"JAPAN SUB" has the meaning ascribed to such term in SECTION 2.14(a).

"JIT WAREHOUSE" means any site described on SCHEDULE 1.2(g).

"JOINT VENTURES" means SMPSB, the Leshan JV, SEI, Terosil and Tesla.

"KOREA ASSETS" has the meaning ascribed to such term in SECTION 2.15(b).

"KOREA ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.15(b).

"KOREA NOTE" has the meaning ascribed to such term in SECTION 2.15(c).

"KOREA SUB" has the meaning ascribed to such term in SECTION 2.15(a).

"LESHAN JV" means Leshan Phoenix Semiconductor Company Ltd., a company organized under the laws of the People's Republic of China.

"LESHAN JV STOCK" means all of the capital stock in the Leshan JV owned by MCIL, or such portion of the capital stock in the Leshan JV owned by MCIL as the Company and Motorola may agree.

"LIEN" means any lien (statutory or other), mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property.

"MBG" means all of the business and operations of Motorola which are not part of SCG.

"MCEL" means Motorola China Electronics Limited, a company organized under the laws of the People's Republic of China.

"MCIL" means Motorola (China) Investment (IV) Limited, a company organized under the laws of the People's Republic of China.

"MCP" has the meaning ascribed to such term in SECTION 2.19(a).

"MEDIATOR" has the meaning ascribed to such term in SECTION 4.3(c).

"MESB" means Motorola Electronics Sdn. Bhd., a company organized under the laws of Malaysia.

"MESB NOTE" has the meaning ascribed to such term in SECTION 2.16(d).

"MEXICO ASSETS" has the meaning ascribed to such term in SECTION 2.17(b).

"MEXICO ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.17(b).

"MEXICO NOTE" has the meaning ascribed to such term in SECTION 2.17(c).

"MEXICO SUB" has the meaning ascribed to such term in SECTION 2.17(a).

"MIDC" means Motorola International Development Corporation, a Delaware close corporation.

"MMSB" means Motorola Malaysia Sdn. Bhd., a company organized under the laws of Malaysia.

"MMSB NOTE" has the meaning ascribed to such term in SECTION 2.16(d).

"MOTOROLA ASSUMPTION AGREEMENT" has the meaning ascribed to such term in SECTION 2.1(a).

"MOTOROLA CANADA" means Motorola Canada Limited, a company organized under the laws of Canada.

"MOTOROLA CZECH REPUBLIC" means Motorola S.R.O., a company organized under the laws of the Czech Republic.

"MOTOROLA FRANCE" means Motorola Semiconducteurs SA, a company organized under the laws of France.

"MOTOROLA GERMANY" means Motorola GmbH, a company organized under the laws of Germany.

"MOTOROLA HONG KONG" means Motorola Semiconductors Hong Kong Ltd., a company organized under the laws of Hong Kong.

"MOTOROLA INDIA" means Motorola (India) Limited, a company organized under the laws of India.

"MOTOROLA ISRAEL" means Motorola Israel Semiconductor Products (SPS) Ltd. (Israel), a company organized under the laws of Israel.

"MOTOROLA ITALY" means Motorola Italy S.p.A., a company organized under the laws of Italy.

"MOTOROLA JAPAN" means Motorola Japan, Limited, a company organized under the laws of Japan.

"MOTOROLA KOREA" means Motorola Electronics and Communications Incorporated, a company organized under the laws of the Republic of Korea.

"MOTOROLA MEXICO" means Motorola de Mexico, S.A. a company organized under the laws of Mexico.

"MOTOROLA PHILIPPINES" means Motorola Philippines, Inc., a company organized under the laws of the Philippines.

"MOTOROLA SINGAPORE" means Motorola Electronics Pte., Ltd., a company organized under the laws of Singapore.

"MOTOROLA SPAIN" means Motorola Espana S.A., a company organized under the laws of Spain.

"MOTOROLA SWEDEN" means Motorola A.B., a company organized under the laws of Sweden.

"MOTOROLA SWITZERLAND" means Motorola (Suisse) S.A., a company organized under the laws of Switzerland.

"MOTOROLA SWITZERLAND BRANCH NOTE" has the meaning ascribed to such term in SECTION 2.24(d).

"MOTOROLA TAIWAN" means Motorola Electronics Taiwan, Ltd., a company organized under the laws of Taiwan.

"MOTOROLA THAILAND" means Motorola (Thailand) Limited, a company organized under the laws of Thailand.

"MOTOROLA UK" means Motorola Limited, a company organized under the laws of the United Kingdom.

"MPI STOCK" means all of the capital stock of Motorola Philippines.

"MSSB" means Motorola Semiconductor Sdn. Bhd., a company organized under the laws of Malaysia.

"NETHERLANDS HOLDINGS" has the meaning ascribed to such term in SECTION 2.18(a).

"NON-ASSIGNABLE ASSETS" has the meaning ascribed to such term in SECTION 4.2.

"NON-SCG PHILIPPINE ASSETS" means the assets, properties and rights owned or held by Motorola Philippines that are not primarily or exclusively used for the conduct of the Business.

"NON-SCG PHILIPPINE LIABILITIES" means the debts, obligations and liabilities of Motorola Philippines to the extent not arising primarily or exclusively out of the conduct of the Business.

"PERMITTED LIENS" means (i) the Liens set forth in SCHEDULE 1.2(h); and (ii) imperfections in title not material in extent or amount and which, individually or in the aggregate, do not materially interfere with the conduct of the Business in general or at any Principal Location, or with the use of the Purchased Assets at a Principal Location and do not materially affect the value of the Business or the Purchased Assets (including the Joint Ventures).

"PERSON" means and includes any individual, corporation, limited liability company, partnership, firm, association, joint venture, joint stock company, trust or other entity, or any government or regulatory, administrative or political subdivision or agency, department or instrumentality thereof.

"PHOENIX REAL PROPERTY" means the Real Property owned by Motorola and located at 5005 East McDowell Road, Phoenix, Arizona.

"PHOTRONICS PURCHASE AGREEMENT" means the Purchase Agreement, dated as of January 1, 1998, between Motorola and Photronics, Inc.

"PRE-CLOSING ENVIRONMENTAL LIABILITIES" means all Environmental Liabilities arising under Environmental Laws and which arise from or relate to either: (i) the release of Hazardous Substances into the environment prior to the Effective Date; or (ii) the conduct of any Transferor or the operation of the Business prior to the Effective Date.

"PRINCIPAL LOCATION" means the United States, Mexico, Philippines, Malaysia (exclusive of SMPSB), Japan and France.

"PUERTO RICO BRANCH" has the meaning ascribed to such term in SECTION 2.20.

"PURCHASED ASSETS" means all of the assets, properties and rights which are primarily or exclusively used by any Transferor in the conduct of the Business and all of the assets, properties and rights of MSSB and Motorola Philippines (except in each case for Excluded Assets), whether or not such assets are real, personal or mixed, tangible or intangible, known or unknown, contingent or fixed and whether or not any of such assets are carried or reflected on the books of the Business including, without limitation:

(i) all machinery, equipment, furniture, furnishings, automobiles, trucks, vehicles, tools, dies, molds and parts and similar property used

primarily or exclusively in the conduct of the Business, including, without limitation, those listed on SCHEDULE 1.2(d) as such Schedule may be amended prior to Closing;

(ii) with respect to the departments identified on SCHEDULE 1.2 (I) as being related exclusively to the Business, all machinery, equipment, furniture, furnishings, automobiles, trucks, vehicles, tools, dies, molds and parts and similar property owned by such department;

(iii) all inventories of the Business, including, without limitation, inventory of the Business and located at JIT Warehouses, inventory of the Business and located at contract manufacturers and inventory of the Business and located at SPS Hubs or other Motorola sites at which Motorola provides or will provide foundry or assembly services for the Company after the Closing pursuant to a Collateral Agreement;

(iv) (x) all contracts, arrangements, licenses, leases and other agreements relating primarily or exclusively to the Business and (y) all of the rights of any Transferor under any Shared Contract to the extent allocated to the Company in accordance with SECTION 4.4, including, without limitation, any right toreceive payment for products sold or services rendered, and to receive goods and services and to assert claims and take other rightful actions in respect of breaches, defaults or other violations of such Shared Contracts;

(v) all third-party accounts receivable, credits, prepaid expenses, deferred charges and taxes, advance payments, security deposits, prepaid items and other current assets, in each case with respect to Motorola Philippines, MSSB, ISMF and Guadalajara; notwithstanding the foregoing, any accounts receivable constituting trade receivables of Motorola Mexico shall be Excluded Assets; (vi) all books, records, manuals and other materials (in any form or medium), advertising matter, catalogues, price lists, correspondence, distribution lists, photographs, production data, sales and promotional materials and records, purchasing materials and records, personnel records of employees who will remain employees of the Business after the Effective Date, manufacturing and quality control records and procedures, blueprints, research and development files, records, data and laboratory books, media materials and plates, accounting records, sales order files and litigation files, in each case which are specific to the Business; PROVIDED, that the items set forth in this subsection (vi) shall not include any information that does not relate to the Business, and Motorola shall be entitled to remove or redact any information that does not relate to the Business from such items; PROVIDED, FURTHER, that to the extent that the items set forth in this subsection (vi) relate to the Business, Motorola shall provide the Company with a photocopied complete set of these records (with such redactions as Motorola reasonably deems necessary);

(vii) all litigation and claim files (whether on paper, computer disk, tape or other storage media) related to claims, actions, suits, proceedings or

investigations pending or threatened against the Business, the Company or any of its Subsidiaries or any properties or rights of the Business, the Company or any of its Subsidiaries, in each case which constitutes an Assumed Liability;

(viii) all permits and licenses issued by any Governmental Authority, including all applications therefor (if such permits or licenses are not assignable, the provisions of SECTION 4.2 shall apply);

(ix) all Real Property and, to the extent their transfer is permitted by law, all licenses, permits, approvals and qualifications relating to any Real Property issued to any Transferor by any Governmental Authority;

(x) any rights to proceeds payable pursuant to any property or casualty insurance policies held or maintained by, or on behalf of, any Transferor, MSSB or Motorola Philippines for losses related to any Purchased Assets (excluding this clause (x)) and incurred after the date hereof and on or prior to the Effective Date; PROVIDED, that Motorola has not (A) replaced such Purchased Asset with an asset of equal or greater value and utility or (B) provided the Company with an equivalent asset, including without limitation cash proceeds; and

(xi) if consummated, the US$5,000,000 subordinated loan from the Company to Tesla Sezam being negotiated between the Company and Tesla Sezam.

"REAL PROPERTY" means (i) the real properties described in SCHEDULE 1.2(J) ("OWNED REAL PROPERTY") together with all buildings, other improvements, fixtures and appurtenances, and all other rights and privileges thereunto belonging or appertaining; and (ii) the real property leases described in SCHEDULE 1.2(J) ("REAL PROPERTY LEASES") and the leasehold improvements situated on the real property which is the subject of such lease.

"REASONABLE EFFORTS" means the obligated party is required to make a diligent, reasonable and good faith effort to accomplish the applicable objective. Such obligation, however, does not require any expenditure of funds or the incurrence of any liability on the part of the obligated party, nor the incurrence of any expenditure or liability, in either case which is unreasonable in light of the related objective, nor does it require that the obligated party act in a manner which would otherwise be contrary to prudent business judgment in light of the objective attempted to be achieved. The fact that the objective is not actually accomplished is not dispositive evidence that the obligated party did not in fact utilize its Reasonable Efforts in attempting to accomplish the objective.

"RELEASE" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, dumping, discharge, dispersal, leaching, escaping, emanation or migration in, into or onto the environment of any kind whatsoever, including without limitation the movement of any Hazardous Substance through or in the environment.

"REMEDIATION" means any investigation, assessment, testing, monitoring, containment, removal, remediation, response, cleanup or abatement of any release or threatened release necessary to comply with any Environmental Law.

"REMEDIATION STANDARDS" means the least stringent standards for performing a Remediation that are required under applicable Environmental Law (including but not limited to health and safety requirements applicable to the Remediation at the time the Remediation was conducted) or, if more stringent standards are actually required by the applicable Governmental Authority, such standards.

"RETAINED LIABILITIES" means any of the following liabilities or obligations of the Transferors or any of their respective Affiliates, whether or not related to the Business and whether direct or indirect, known or unknown, or absolute or contingent:

(i) any liabilities or obligations of any Transferor incurred by any Transferor or any of its Affiliates in connection with the conduct of their businesses other than the Business;

(ii) any liabilities or obligations to the extent specifically related to Excluded Assets;

(iii) any accounts payable relating to the Business, excluding third-party accounts payable relating to the Business of Motorola Philippines, MSSB, ISMF and Guadalajara (in the event of a conflict between this clause (iii) and Annex G to the Interim Manufacturing/Service Agreement, this clause (iii) shall control);

(iv) Pre-Closing Environmental Liabilities;

(v) any liabilities or obligations of any "shelf" companies acquired by any Transferor other than liabilities or obligations arising out of or relating to the conduct of the Business or the ownership or operation of the Purchased Assets;

(vi) obligations, as of the Effective Date, which are: (1) obligations for borrowed money; (2) obligations evidenced by notes, bonds, debentures or similar instruments; (3) obligations for the deferred purchase price of goods or services (other than trade payables or similar accruals incurred in the ordinary course of business consistent with past practice) in an amount exceeding $1 million individually; (4) obligations under capital leases in an amount exceeding $1 million individually; (5) obligations pursuant to a lease-purchase or conditional sale in an amount exceeding $1 million individually; or (6) obligations in the nature of guarantees of the obligations described in clauses (1) through (5) of any Person, keep well agreements or similar obligations, but in each case excluding payment obligations in connection with self-insurance, performance bonds, surety bonds, customs bonds, letters of credit issued in support of ongoing operating expenses or similar obligations incurred in the ordinary course of business consistent with past practice, except to the extent expressly assumed by the Company;

(vii) any liabilities or obligations arising under the Photronics Purchase Agreement through the remainder of such agreement, except to the extent expressly assumed by the Company;

(viii) certain equipment repurchase obligations and liabilities related to an agreement between Motorola and Newport, a Motorola/SCG sub-contractor of wafers, under which Newport agreed to expand its production capacity to meet Motorola's projected wafer requirements; PROVIDED, that the Company's obligations and liabilities related to this agreement shall not exceed $700,000;

(ix) accrued cash discounts as such discounts pertain to accounts receivable retained by Motorola for the periods prior to the Effective Date;

(x) Non-SCG Philippine Liabilities;

(xi) income tax liabilities with respect to ISMF and Guadalajara;

(xii) any liability or obligation relating to the pending or threatened claims against Motorola enumerated below:

(a) Perlini v. Motorola;

(b) Schumacher (claim for damages caused by allegedly defective products which were used in Schumacher's battery chargers);

(c) S&S Technologies (claim for wrongful termination of contract);

(d) Matsushita (claim for damages caused by allegedly defective products which were used in Matsushita's air conditioner products);

(e) Plessey v. Motorola; and

(f) Advanced Manufacturing Technologies, Inc. ("AMT") (claim for expenses allegedly incurred in reliance on Motorola's promise to sell AMT an SCG machine shop); PROVIDED, with respect to the Schumacher claim included as a Retained Liability, the Company agrees to continue the activities which the Business has been conducting prior to the Effective Date to support the defense and resolution of such claim. The Company shall provide Motorola access to the three employees (and the results of their activities) who are developing test protocols and supporting testing done by independent laboratories, directing such employees to support the completion of test projects, directing such employees and other employees who have knowledge relating to the claim to cooperate with Motorola's attorneys and advisors handling the matter, and providing access to the

Company's employees as witnesses in the event litigation results from an inability to resolve the matter in a non-judicial forum;

(xiii) any liabilities or obligations of any Transferor or any of its Affiliates to the extent the amount of each liability or obligation is covered by a policy of insurance or other indemnity agreement maintained by or for the benefit of any Transferor or any of its Affiliates, unless the rights under such policy of insurance or indemnity agreement have been assigned to the Company;

(xiv) any liabilities or obligations related to indemnification or other provision under any contract or other agreement pursuant to which any sale or disposition was made of any business or product line formerly owned or operated by a Transferor or predecessor but not presently so owned or operated;

(xv) any liabilities or obligations of any Transferor or any of its Affiliates for indemnification of any present or former director or officer of (or other person serving in a fiduciary capacity at the request of) any Transferor or its Affiliates based on actual or alleged breach of fiduciary duty of such person prior to Closing;

(xvi) any liabilities or obligations related to the failure of any Transferor to comply with bulk sales laws or any similar law;

(xvii) any liabilities or obligations of Motorola or any of its Subsidiaries to Goldman, Sachs & Company arising from any engagement letters, indemnity agreements or any other arrangements entered into by such parties and Goldman, Sachs & Company;

(xviii) Effective Date Transferred Employee Accruals;

(xix) any liabilities or obligations incurred on or prior to the Closing Date related to (i) intercompany trade payables, (ii) transactions pursuant to any master service agreement between SCG and any Motorola entity, (iii) intercompany trade receivables, (iv) with respect to the matters in subclauses (i), (ii) and (iii) of this clause (xix), matters settled by the London Netting System maintained by Motorola, (v) the 1997 Partnership Agreement between Motorola, Inc., for its Equipment Groups, and Motorola SPS, and (vi) the Mediation Agreement, dated January 1, 1993 between Motorola and Motorola Mexico; and

(xx) any liabilities or obligations relating to any failure by Motorola Mexico to maintain any records required by the Maquila program concerning the importation, maintenance and disposition of obsolete equipment for the period up to and including the Effective Date.

"SCG COMPANY" or "SCG COMPANIES" means the Company or the Transferees, individually or collectively.

"SCG EMPLOYEES" means all employees of the Transferors who, immediately prior to the Effective Date, work primarily in the operation of the Business, EXCEPT, HOWEVER, Expatriate Employees.

"SCG MALAYSIA HOLDINGS" has the meaning ascribed to such term in SECTION 2.16(e).

"SCILLC" has the meaning ascribed to such term in the introductory paragraph of this Agreement.

"SEI" means Slovakia Electronics Industries, a.s., a company organized under the laws of Slovakia.

"SEI STOCK" means all of the capital stock of SEI owned by MIDC.

"SHARED CONTRACT" has the meaning ascribed to such term in SECTION 4.4(c).

"SIDLLC" means SCG International Development LLC, a Delaware limited liability company and a wholly owned subsidiary at SCILLC.

"SINGAPORE ASSETS" has the meaning ascribed to such term in SECTION 2.21(b).

"SINGAPORE ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.21(b).

"SINGAPORE NOTES" has the meaning ascribed to such term in SECTION 2.21(c).

"SINGAPORE SUB" has the meaning ascribed to such term in SECTION 2.21(a).

"SMP HOLDINGS" means SMP Holdings, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company.

"SMPSB" means Semiconductor Miniature Products (M) Sendirian Berhad, a company organized under the laws of Malaysia.

"SMPSB STOCK" means all of the capital stock in SMPSB owned by MIDC.

"SPAIN ASSETS" has the meaning ascribed to such term in SECTION 2.22(b).

"SPAIN ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.22(b).

"SPAIN BRANCH" has the meaning ascribed to such term in SECTION 2.22(a).

"SPAIN NOTE" has the meaning ascribed to such term in SECTION 2.22(c).

"SPS" means the Semiconductor Products Sector of Motorola.

"SPS HUBS" means the locations set forth on SCHEDULE 1.2(k).

"SWEDEN ASSETS" has the meaning ascribed to such term in SECTION 2.23(b).

"SWEDEN ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.23(b).

"SWEDEN NOTE" has the meaning ascribed to such term in SECTION 2.23(c).

"SWEDEN SUB" has the meaning ascribed to such term in SECTION 2.23(a).

"SWITZERLAND ASSETS" has the meaning ascribed to such term in SECTION 2.24(b).

"SWITZERLAND ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.24(b).

"SWITZERLAND BRANCH" has the meaning ascribed to such term in SECTION 2.24(a).

"SWITZERLAND NOTE" has the meaning ascribed to such term in SECTION 2.24(d).

"TAIWAN ASSETS" has the meaning ascribed to such term in SECTION 2.25(b).

"TAIWAN ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.25(b).

"TAIWAN ENTITY" has the meaning ascribed to such term in SECTION 2.25(a).

"TAIWAN NOTE" has the meaning ascribed to such term in SECTION 2.25(c).

"TEROSIL" means Terosil a.s., a company organized under the laws of the Czech Republic.

"TEROSIL STOCK" means all of the capital stock in Terosil owned by MIDC.

"TESLA" means Tesla Sezam a.s., a company organized under the laws of the Czech Republic.

"TESLA STOCK" means all of the capital stock in Tesla owned by MIDC.

"THAILAND ASSETS" has the meaning ascribed to such term in SECTION 2.26(b).

"THAILAND ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.26(b).

"THAILAND NOTE" has the meaning ascribed to such term in SECTION 2.26(c).

"THAILAND SUB" has the meaning ascribed to such term in SECTION 2.26(a).

"TRANSACTION COMMITTEE" has the meaning ascribed to such term in SECTION 4.3(a).

"TRANSFEREE" AND "TRANSFEREES" shall mean the Company, SCILLC, MSSB, China Holdings, SMP Holdings, Czech Holdings, the Canada Sub, the China Offices, the Czech Sub, the Finland Branch, the France Sub, the Germany Sub, the Hong Kong Sub, the India Sub, the Israel Branch, the Italy Sub, the Japan Sub, the Mexico Sub, Netherlands Holdings, the Singapore Sub, the Spain Branch, the Sweden Sub, the Switzerland Branch, the Taiwan Entity, the UK Sub, SIDLLC, Puerto Rico Branch, EURL and SCG Malaysia Holdings.

"TRANSFEROR" AND "TRANSFERORS" means Motorola, MIDC, MCEL, MCIL, MESB, MMSB, Motorola Canada, Motorola Czech Republic, Motorola France, Motorola Germany, Motorola Hong Kong, Motorola India, Motorola Israel, Motorola Italy, Motorola Japan, Motorola Korea, Motorola Mexico, Motorola Philippines, Motorola Singapore, Motorola Spain, Motorola Sweden, Motorola Switzerland, Motorola Taiwan, Motorola Thailand and Motorola U.K., individually, or collectively, respectively.

"TRANSFERRED EMPLOYEES" means Transferred SCG Employees, Transferred Shared Services Employees, and Transferred Expatriate Employees.

"TRANSFERRED EXPATRIATE EMPLOYEES" means those Expatriate Employees identified on SCHEDULE 1.2(l).

"TRANSFERRED SCG EMPLOYEES" means all SCG Employees including, without limitation, those employees identified on SCHEDULE 1.2(k), EXCEPT, HOWEVER, Inactive SCG Employees.

"TRANSFERRED SHARED SERVICES EMPLOYEES" means those employees identified on SCHEDULE 1.2(k).

"U.K. ASSETS" has the meaning ascribed to such term in SECTION 2.27(b).

"U.K. ASSUMED LIABILITIES" has the meaning ascribed to such term in SECTION 2.27(b).

"UK NOTE" has the meaning ascribed to such term in SECTION 2.27(c).

"UK SUB" has the meaning ascribed to such term in SECTION 2.27(a).

"U.S. TRANSFER DOCUMENTS" has the meaning ascribed to such term in SECTION 2.1(b).

1.3 INTERPRETATION. Unless the context of this Agreement otherwise requires, (a) words of any gender shall be deemed to include each other gender, (b) words using the singular or plural number shall also include the plural or singular number, respectively, and (c) reference to "hereof", "herein", "hereby" and similar terms shall refer to this entire Agreement.

ARTICLE II

TRANSFERS

2.1 PRIOR TRANSFERS. Prior to the date of this Agreement or at such other time as set forth in this SECTION 2.1, as part of the reorganization of the operations of SCG as a stand alone business, the following transactions have been consummated:

(a) In connection with the transactions contemplated herein, Motorola assumed and agreed to perform, pay and discharge all liabilities and obligations of the Company arising on or prior to April 29, 1999 and that relate to activities the Company engaged in on or prior to April 29, 1999. Motorola and the Company executed and delivered the Assumption Agreement (the "MOTOROLA ASSUMPTION AGREEMENT"), a true and correct copy of which is attached hereto as EXHIBIT B, and incorporated by reference herein.

(b) Motorola contributed to the Company, free and clear of any Liens (other than Permitted Liens) such of the Purchased Assets owned by or held by Motorola and set forth on SCHEDULE 1.2(d) and certain intellectual property rights. In connection with the transactions referred to in this SECTION 2.1(b), Motorola and the Company executed and delivered (i) the transfer documents, true and correct copies of which are attached hereto as EXHIBIT C, and incorporated by reference herein (the "U.S. TRANSFER DOCUMENTS"); and (ii) the Intellectual Property Agreement.

(c) MIDC transferred, assigned, conveyed and delivered to Motorola the Terosil Stock, the Tesla Stock and the SEI Stock and upon consummation of such transfer by MIDC, Motorola contributed the Terosil Stock, the Tesla Stock and the SEI Stock to the capital of the Company, free and clear of any Liens. Upon the consummation of the contribution from Motorola of the Terosil Stock and the Tesla Stock, on or prior to the Effective Date the Company shall contribute the Terosil Stock and the Tesla Stock to Czech Holdings, free and clear of all Liens. Upon the consummation of the contribution from Motorola of the SEI Stock, on or prior to the Effective Date, the Company shall contribute the SEI Stock to SCILLC free and clear of all liens. In addition, MIDC transferred, assigned, conveyed and delivered to Motorola the MPI Stock, subject to any required approval of any Governmental Authority and receipt of a tax-free ruling from the Bureau of Internal Revenue of the Philippines, and upon consummation of such transfer by MIDC, Motorola will contribute the MPI Stock to the capital of the Company, free and clear of any Liens. In connection with the transactions contemplated by this SECTION 2.1(c), MIDC, Motorola and the Company executed and delivered the Distribution and Contribution Agreements, true and correct

copies of which are attached hereto as EXHIBIT D and EXHIBIT E and incorporated by reference herein.

(d) Immediately upon the consummation of the transactions set forth in SECTIONS 2.1(a), (b) and (c) above, and subject to any required approval of any Governmental Authority and the receipt of a tax-free ruling from the Bureau of Internal Revenue of the Philippines, and upon consummation of the contribution of the MPI Stock by Motorola to the Company, the Company will contribute the MPI Stock to SCILLC, free and clear of any Liens. In connection with the transactions contemplated by this SECTION 2.1(d), the Company and SCILLC executed and delivered the Distribution and Contribution Agreement, a true and correct copy of which is attached hereto as EXHIBIT E and incorporated by reference herein.

(e) The Company and Motorola shall execute and deliver such other transfer documents as are necessary and appropriate to consummate the transactions contemplated in this SECTION 2.1.

2.2 TRANSFERS OF CERTAIN OPERATIONS; CLOSING TRANSFERS. (a) Motorola and the Company agree to use Reasonable Efforts prior to the Effective Date to determine whether any assets, properties or rights of Motorola or its subsidiaries in Brazil, Puerto Rico or Thailand are Purchased Assets. If such assets, properties or rights are Purchased Assets, they shall be transferred, assigned, conveyed and delivered to the Company and to the Brazil Sub, the Puerto Rico Branch or the Thailand Sub and Motorola shall determine, in a manner reasonably acceptable to the Company, (i) how such Purchased Assets are to be characterized for tax and accounting purposes and (ii) how and when such transfer, assignment, conveyance and delivery is to be effected. If Motorola and the Company determine that any such assets, properties or rights are Purchased Assets, Motorola and the Company shall use Reasonable Efforts to agree to the assumption and agreement to pay, discharge and perform any Assumed Liabilities or Retained Liabilities, if applicable, regarding any business or operations in Brazil, Puerto Rico or Thailand. Motorola and the Company also agree to use the procedures set forth in SECTION 4.3 to resolve any disputes between themselves with regard to any Purchased Assets or Assumed Liabilities in Brazil, Puerto Rico or Thailand.

(b) On or prior to the Effective Date, the Company shall assume and agree to perform, pay and discharge all of the Assumed Liabilities. In connection therewith, Motorola and the Company shall execute and deliver the Assumption Agreement in a form to be agreed upon by the parties.

(c) All Purchased Assets, Excluded Assets, Assumed Liabilities and Retained Liabilities identified and allocated pursuant to SECTION 4.3 shall be conveyed, transferred and assigned to, or assumed by, the Company or Motorola, as the case may be, and shall be contributed to SCILLC or transferred to Motorola, as the case may be, each in a form and manner to be agreed upon by the parties.

2.3 BRAZIL. Promptly after the execution of this Agreement, SCILLC shall establish a private limited company in Brazil using the name "SCG Brasil Ltda." (the "BRAZIL SUB").

2.4 CANADA.

(a) Promptly after the execution of this Agreement, SCILLC shall cause to be incorporated a federal corporation in Canada 99.9% owned by SCILLC and 0.1% owned by SIDLLC using the company name "SCG Canada Limited" (the "CANADA SUB").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Canada to transfer, assign, convey and deliver to the Canada Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Canada (the "CANADA ASSETS"); and (ii) SCILLC shall cause the Canada Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Canada (the "CANADA ASSUMED LIABILITIES"). SCILLC shall cause the Canada Sub to not assume or pay and Motorola shall cause Motorola Canada to continue to be responsible for any Retained Liabilities of Motorola Canada. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Canada Assets made pursuant to SECTION 2.4(b)(i), SCILLC shall cause the Canada Sub to issue to Motorola Canada a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "CANADA NOTE").

2.5 CHINA.

(a) Promptly after the execution of this Agreement, SCILLC shall cause the Hong Kong Sub to establish four representative offices in the cities of Beijing, Guangzhou, Shanghai and Tianjin, China (the "CHINA OFFICES").

(b) At the Closing on the Effective Date, (i) Motorola shall cause MCEL to transfer, assign, convey and deliver to the Hong Kong Sub, collectively, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by MCEL (the "CHINA ASSETS"); and (ii) SCILLC shall cause the Hong Kong Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of MCEL (the "CHINA ASSUMED LIABILITIES"). SCILLC shall cause the Hong Kong Sub to not assume or pay and Motorola shall cause MCEL to continue to be responsible for any Retained Liabilities of MCEL. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, in consideration of the transfers of the China Assets made pursuant to SECTION 2.5(b)(i), SCILLC shall cause the Hong Kong Sub to issue to MCEL a note in an aggregate principal amount as set forth on

EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "CHINA NOTE").

(d) At the Closing on the Effective Date, Motorola shall cause MCIL to transfer, assign, convey and deliver to China Holdings, free and clear of any Liens (except Permitted Liens), the Leshan JV Stock, in consideration of the issuance by the Company of a note to MCIL in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "COMPANY CHINA Note"). The transfer of the Leshan JV Stock shall be effected pursuant to transfer documents in a form to be agreed upon by Motorola and the Company.

2.6 CZECH REPUBLIC.

(a) Promptly after the execution of this Agreement, SCILLC shall cause to be incorporated or shall acquire a shelf company in the form of an S.R.O. in the Czech Republic wholly owned by SCILLC using the company name "SCG Design Center S.R.O." (the "CZECH SUB").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Czech Republic to transfer, assign, convey and deliver to the Czech Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Czech Republic (the "CZECH ASSETS"); and (ii) SCILLC shall cause the Czech Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Czech Republic (the "CZECH ASSUMED LIABILITIES"). SCILLC shall cause the Czech Sub to not assume or pay and Motorola shall cause Motorola Czech Republic to continue to be responsible for any Retained Liabilities of Motorola Czech Republic. Such transactions shall be effected pursuant to transfer documents substantially in the forms attached hereto as EXHIBIT G modified as necessary to comport with local law and custom.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Czech Assets made pursuant to SECTION 2.6(b)(i), SCILLC shall cause the Czech Sub to issue to Motorola Czech Republic a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "CZECH NOTE").

2.7 FINLAND.

(a) Promptly after the execution of this Agreement, SCILLC shall cause the Sweden Sub to establish a branch, or such other form of registered office as may be negotiated with relevant authorities for tax planning purposes, in Finland (the "FINLAND BRANCH").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Sweden through its branch in Finland (the "MOTOROLA FINLAND BRANCH") to transfer, assign, convey and deliver to the Sweden Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by the Motorola Finland Branch (the "FINLAND ASSETS"); and (ii) SCILLC shall cause the Sweden Sub to

assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Finland (the "FINLAND ASSUMED LIABILITIES"). SCILLC shall cause the Sweden Sub not to assume or pay and Motorola shall cause Motorola Finland to continue to be responsible for any Retained Liabilities of the Motorola Finland Branch. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Finland Assets made pursuant to SECTION 2.7(b)(i), SCILLC shall cause the Sweden Sub to issue to the Motorola Finland Branch a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "FINLAND NOTE").

2.8 FRANCE.

(a) Promptly after the execution of this Agreement, Motorola shall cause Motorola France to incorporate in France: (i) as a wholly-owned subsidiary an entreprise unipersonnelle a responsibilite limitee using the name "SCG Investissements EURL" (the "EURL"); and (ii) together with the EURL (with the EURL to hold an equity interest of approximately 6.0%), as a majority-owned subsidiary (with Motorola France to hold an equity interest of approximately 94.0%) a societe par actions simplifie using the company name "SCG France S.A.S." (the "FRANCE SUB"), the respective percentage interests of SCG France S.A.S. owned by Motorola France and the EURL being subject to adjustment to ensure that Motorola France and the EURL qualify to be shareholders of the France Sub under French law.

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola France to transfer, assign, convey and deliver to the France Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola France (the "FRANCE ASSETS"); and (ii) Motorola shall cause the France Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola France (the "FRANCE ASSUMED LIABILITIES"). Motorola shall cause the France Sub to not assume or pay and Motorola shall cause Motorola France to continue to be responsible for any Retained Liabilities of Motorola France. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, Motorola shall cause Motorola France to transfer the equity interest of the France Sub and the EURL to SCILLC in consideration for a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "FRANCE NOTE").

2.9 GERMANY.

(a) Promptly after the execution of this Agreement, SCILLC shall acquire a shelf company in the form of a GmbH in Germany, wholly owned by SCILLC,

changing the company name to "Semiconductor Components Industries Germany GmbH" (the "GERMANY SUB").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Germany to transfer, assign, convey and deliver to the Germany Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Germany (the "GERMANY ASSETS"); and (ii) SCILLC shall cause the Germany Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Germany (the "GERMANY ASSUMED LIABILITIES"). SCILLC shall cause the Germany Sub to not assume or pay and Motorola shall cause Motorola Germany to continue to be responsible for any Retained Liabilities of Motorola Germany. Such transactions shall be effected pursuant to transfer documents substantially in the forms attached hereto as EXHIBIT G modified as necessary to comport with local law and custom.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Germany Assets made pursuant to SECTION 2.9(b)(i), SCILLC shall cause the Germany Sub to issue to Motorola Germany a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "GERMANY NOTE").

2.10 HONG KONG.

(a) Promptly after the execution of this Agreement, SCILLC shall acquire a shelf company in the form of a private limited company in Hong Kong, to be owned 99.9% by SCILLC and 0.1% by SIDLLC, changing the company name to "SCG Hong Kong Limited (Hong Kong)" (the "HONG KONG SUB").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Hong Kong to transfer, assign, convey and deliver to the Hong Kong Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Hong Kong (the "HONG KONG ASSETS"); and (ii) SCILLC shall cause the Hong Kong Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Hong Kong (the "HONG KONG ASSUMED LIABILITIES"). SCILLC shall cause the Hong Kong Sub to not assume or pay and Motorola shall cause Motorola Hong Kong to continue to be responsible for any Retained Liabilities of Motorola Hong Kong. Such transactions shall be effected pursuant to transfer documents substantially in the form attached hereto as EXHIBIT G modified as necessary to comport with local law and custom.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Hong Kong Assets made pursuant to SECTION 2.10(b)(i), SCILLC shall cause the Hong Kong Sub to issue to Motorola Hong Kong a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "HONG KONG NOTE").

2.11 INDIA.

(a) Promptly after the execution of this Agreement, SCILLC shall cause to be incorporated a private limited company in India wholly owned by SCILLC, using the company name "SCG India Limited" (the "INDIA SUB"); PROVIDED, HOWEVER, that the formation of the India Sub shall be subject to any required approval of any Governmental Authority, including but not limited to the approval of the Foreign Investment Promotion Board of the government of India.

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola India to transfer, assign, convey and deliver to the India Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola India (the "INDIA ASSETS"); and (ii) SCILLC shall cause the India Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola India (the "INDIA ASSUMED LIABILITIES"). SCILLC shall cause the India Sub not to assume or pay, and Motorola shall cause Motorola India to continue to be responsible for any Retained Liabilities of Motorola India. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, in consideration of the transfers of the India Assets made pursuant to SECTION 2.11(b)(i), SCILLC shall cause the India Sub to issue to Motorola India a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "INDIA NOTE").

2.12 ISRAEL.

(a) Promptly after the execution of this Agreement, SCILLC shall cause the France Sub to establish a branch in Israel (the "ISRAEL BRANCH").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Israel to transfer, assign, convey and deliver to the France Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Israel (the "ISRAEL ASSETS"); and (ii) SCILLC shall cause the France Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Israel (the "ISRAEL ASSUMED LIABILITIES"). SCILLC shall cause the France Sub not to assume or pay and Motorola shall cause Motorola Israel to continue to be responsible for any Retained Liabilities of Motorola Israel. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Israel Assets made pursuant to SECTION 2.12(b)(i), SCILLC shall cause the France Sub to issue to Motorola Israel a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "ISRAEL NOTE").

2.13 ITALY.

(a) Promptly after the execution of this Agreement, SCILLC shall cause to be incorporated a societa a responsabilita limitata in Italy 99.9% owned by SCILLC and 0.1% owned by SIDLLC using the company name "SCG Italy S.r.l. " (the "ITALY SUB").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Italy to transfer, assign, convey and deliver to the Italy Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Italy (the "ITALY ASSETS"); and (ii) SCILLC shall cause the Italy Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Italy (the "ITALY ASSUMED LIABILITIES"). SCILLC shall cause the Italy Sub not to assume or pay and Motorola shall cause Motorola Italy to continue to be responsible for any Retained Liabilities of Motorola Italy. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Italy Assets made pursuant to SECTION 2.13(b)(i), SCILLC shall cause the Italy Sub to issue to Motorola Italy a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "ITALY NOTE").

2.14 JAPAN.

(a) Promptly after the execution of this Agreement, SCILLC shall cause to be incorporated a Kabushiki Kaisha in Japan wholly owned by SCILLC using the company name "SCG Japan KK" (the "JAPAN SUB").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Japan to transfer, assign, convey and deliver to the Japan Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Japan (the "JAPAN ASSETS"); and (ii) SCILLC shall cause the Japan Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Japan (the "JAPAN ASSUMED LIABILITIES"). SCILLC shall cause the Japan Sub not to assume or pay and Motorola shall cause Motorola Japan to continue to be responsible for any Retained Liabilities of Motorola Japan. Such transactions shall be effected pursuant to transfer documents substantially in the forms attached hereto as EXHIBIT G modified as necessary to comport with local law and custom.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Japan Assets made pursuant to SECTION 2.14(b)(i), SCILLC shall cause the Japan Sub to issue to Motorola Japan a note, or other instrument evidencing indebtedness, in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "JAPAN NOTE").

2.15 KOREA.

(a) Promptly after the execution of this Agreement, SCILLC shall cause to be incorporated a Chusik Hoesa in Korea 99.9% owned by SCILLC and 0.1% owned by SIDLLC, using the company name "SCG Korea Limited" (the "KOREA SUB").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Korea shall transfer, assign, convey and deliver to the Korea Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Korea (the "KOREA ASSETS"); and (ii) SCILLC shall cause the Korea Sub to assume, agree to perform, and in due course pay and discharge the Korea Assumed Liabilities of Motorola Korea (the "KOREA ASSUMED LIABILITIES"). SCILLC shall cause the Korea Sub not to assume or pay and Motorola shall cause Motorola Korea to continue to be responsible for any Retained Liabilities of Motorola Korea. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Korea Assets made pursuant to SECTION 2.15(b)(i), SCILLC shall cause the Korea Sub to issue to Motorola Korea a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "KOREA NOTE").

2.16 MALAYSIA.

(a) As soon after the date hereof as MIDC, Motorola and the Company have obtained all required consents and approvals of the applicable Governmental Authorities, (i) Motorola shall cause MIDC to transfer, assign, convey and deliver to Motorola the SMPSB Stock; and (ii) promptly after such transfer Motorola shall contribute the SMPSB Stock to the capital of the Company, free and clear of any Liens (except Permitted Liens). Such transactions shall be effected pursuant to the form of Distribution and Contribution Agreement and other transfer documents substantially in the form attached hereto as EXHIBIT H modified as necessary to comport with local law and custom. Upon the consummation of the contribution to the Company of the SMPSB Stock, the Company shall contribute the SMPSB Stock to SMP Holdings, free and clear of all Liens (except Permitted Liens).

(b) On or prior to the Effective Date, (i) Motorola shall cause MESB to transfer, assign, convey and deliver to MSSB, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by MESB; and (ii) Motorola shall cause MSSB to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of MESB. Motorola shall cause MSSB not to assume or pay and Motorola shall cause MESB to continue to be responsible for any Retained Liabilities of MESB. Such transactions shall be effected pursuant to a business transfer agreement substantially in the form attached hereto as EXHIBIT G modified as necessary to comport with local law and custom.

(c) On or prior to the Effective Date, (i) Motorola shall cause MMSB to transfer, assign, convey and deliver to MSSB, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by MMSB; and (ii) Motorola shall cause MSSB to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of MMSB. Motorola shall cause MSSB to not assume or pay and Motorola shall cause MMSB to continue to be responsible for any Retained Liabilities of MMSB. Such transactions shall be effected pursuant to a business transfer agreement substantially in the form attached hereto as EXHIBIT G modified as necessary to comport with local law and custom.

(d) In consideration of the transfers of the Purchased Assets made pursuant to SECTIONS 2.16(b)(i) and 2.16(c)(i), Motorola shall cause MSSB to execute and deliver (i) to MESB, a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "MESB NOTE") and (ii) to MMSB, a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "MMSB NOTE").

(e) Promptly after the execution of this Agreement, the Company shall cause to be incorporated in Malaysia a private limited company using the company name "SCG Malaysia Holdings Sendirian Berhad" ("SCG MALAYSIA HOLDINGS") to be owned by SCILLC and SIDLLC in percentages to be agreed upon by SCILLC and SIDLLC.

(f) At the Closing on the Effective Date immediately after the transfer contemplated by SECTION 2.16(b) is consummated, Motorola shall cause MMSB to transfer, assign, convey and deliver to SCG Malaysia Holdings, free and clear of any Liens, the MSSB Stock, in consideration of the issuance by SCG Malaysia Holdings of a note to MMSB in an aggregate principal amount as set forth on EXHIBIT F (the "COMPANY MALAYSIA NOTE"). The transfer of the MSSB Stock shall be effected pursuant to the transfer documents substantially in the form attached hereto as EXHIBIT H modified as necessary to comport with local law and custom.

(g) The obligations of the parties under SECTION 2.16(a) are conditioned upon (i) obtaining the written consent of Phillips (National Trust Company) to the transfer of the SMPSB Stock, (ii) the prior approval of the transfer of SMPSB Stock by the Ministry of International Trade and Industry and (iii) the prior approval of the transfer of SMPSB Stock by the Securities Commission pursuant to the Malaysian Code on Take-Overs and Mergers 1998. The transactions contemplated (i) shall not be effective until such approvals are obtained and (ii) shall be subject to (x) the receipt of any title documents required to consummate the transactions contemplated and (y) the fulfillment of the requirements of any applicable local corporate or securities laws, rules or regulations.

2.17 MEXICO.

(a) Promptly after the execution of this Agreement, SCILLC shall cause to be incorporated a sociedad anonima in Mexico, 99.9% owned by SCILLC and

0.1% by SIDLLC, using the company name "SCG (Mexico) S.A." (the "MEXICO SUB") and shall obtain all permits, licenses, consents and approvals of all applicable Governmental Authorities necessary (x) for the Mexico Sub to conduct the Business and (y) for the consummation of the transactions described in SECTION 2.17(b).

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Mexico to transfer, assign, convey and deliver to the Mexico Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Mexico (the "MEXICO ASSETS"); and (ii) SCILLC shall cause the Mexico Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Mexico (the "MEXICO ASSUMED LIABILITIES"). SCILLC shall cause the Mexico Sub not to assume or pay and Motorola shall cause Motorola Mexico to continue to be responsible for any Retained Liabilities of Motorola Mexico. Such transactions shall be effected pursuant to transfer documents substantially in the forms attached hereto as EXHIBIT G modified as necessary to comport with local law and custom.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Purchased Assets made pursuant to SECTION 2.17(b)(i), SCILLC shall cause the Mexico Sub to issue to Motorola Mexico a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "MEXICO NOTE").

2.18 THE NETHERLANDS.

(a) Promptly after the execution of this Agreement, SCILLC shall establish a B.V. in the Netherlands, wholly owned by SCILLC, using the name "SCG Holdings (Netherlands), B.V." ("NETHERLANDS HOLDINGS").

(b) At the Closing on the Effective Date, SCILLC shall transfer, assign, convey and deliver to Netherlands Holdings, free and clear of any Liens, all of its right, title and interest in the stock of the France Sub, the EURL, the Germany Sub, the Italy Sub, the Sweden Sub and the U.K. Sub (the "EUROPE SUBS") in consideration for newly issued shares of Netherlands Holdings. The transfer of the stock of the Europe Subs shall be effected pursuant to the transfer documents in forms to be agreed upon by Motorola and the Company.

2.19 THE PHILIPPINES.

(a) Promptly after the execution of this Agreement, Motorola shall cause to be formed and incorporated a corporation in the Philippines using the name "Motorola Communications (Philippines) Inc." ("MCP").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Philippines to transfer, assign, convey and deliver to MCP, free and clear of any Liens (other than Permitted Liens), such of the Non-SCG Philippine Assets owned or held by Motorola Philippines; and (ii) Motorola shall cause MCP to assume, agree to perform, and in due course pay and discharge the Non-SCG Philippine Liabilities.

Motorola shall cause MCP not to assume or pay and Motorola shall cause Motorola Philippines to continue to be responsible for any Retained Liabilities of Motorola Philippines. Such transactions shall be effected pursuant to transfer documents substantially in the forms attached hereto as EXHIBIT G and incorporated herein by reference.

(c) As soon after the date hereof as MIDC and Motorola have obtained all required consents and approvals of the applicable Governmental Authorities and the receipt of a tax-free ruling from the Bureau of Internal Revenue of the Philippines, (i) Motorola shall cause MIDC to transfer, assign, convey and deliver to Motorola all of the MPI Stock; (ii) promptly after such transfer Motorola shall contribute the MPI Stock to the capital of the Company; and (iii) promptly after such transfer, the Company shall contribute the MPI Stock to SCILLC, in each case free and clear of any Liens. Such transactions shall be effected pursuant to the form of Distribution and Contribution Agreement, an assumption agreement and other transfer documents attached hereto as EXHIBIT E, and incorporated by reference herein.

2.20 PUERTO RICO. Promptly after the execution of this Agreement, SCILLC shall establish a branch in Puerto Rico (the "PUERTO RICO BRANCH").

2.21 SINGAPORE.

(a) Promptly after the execution of this Agreement, SCILLC shall acquire a shelf company in the form of a private limited company in Singapore, 99.9% owned by SCILLC and 0.1% owned by SIDLLC, changing the company name to "SCG Singapore Pte. Ltd." (the "SINGAPORE SUB").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Singapore to transfer, assign, convey and deliver to the Singapore Sub and/or MSSB (if such assets include sales assets related to sales or marketing activities in Malaysia), as agreed by the parties, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Singapore (the "SINGAPORE ASSETS"); and (ii) SCILLC shall cause the Singapore Sub and/or MSSB, as agreed by the parties, to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Singapore (the "SINGAPORE ASSUMED LIABILITIES"). SCILLC shall cause the Singapore Sub and MSSB not to assume or pay and Motorola shall cause Motorola Singapore to continue to be responsible for any Retained Liabilities of Motorola Singapore. Such transactions shall be effected pursuant to transfer documents substantially in the forms attached hereto as EXHIBIT G modified as necessary to comport with local law and custom.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Singapore Assets made pursuant to SECTION 2.21(b)(i), SCILLC shall cause the Singapore Sub and/or MSSB, as agreed by the parties to issue to Motorola Singapore a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "SINGAPORE NOTES").

2.22 SPAIN.

(a) Promptly after the execution of this Agreement, SCILLC shall cause the France Sub to establish a branch in Spain (the "SPAIN BRANCH").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Spain to transfer, assign, convey and deliver to the France Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Spain (the "SPAIN ASSETS"); and (ii) SCILLC shall cause the France Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Spain (the "SPAIN ASSUMED LIABILITIES"). SCILLC shall cause the France Sub not to assume or pay and Motorola shall cause Motorola Spain to continue to be responsible for any Retained Liabilities of Motorola Spain. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Spain Assets made pursuant to SECTION 2.22(b)(i), SCILLC shall issue to Motorola Spain a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "SPAIN NOTE").

2.23 SWEDEN.

(a) Promptly after the execution of this Agreement, SCILLC shall cause to be incorporated a privata aktiebolag in Sweden, 99.9% owned by SCILLC and 0.1% owned by SIDLLC, using the company name "SCG Sweden AB" (the "SWEDEN SUB").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Sweden to transfer, assign, convey and deliver to the Sweden Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Sweden (the "SWEDEN ASSETS"); and (ii) SCILLC shall cause the Sweden Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Sweden (the "SWEDEN ASSUMED LIABILITIES"). SCILLC shall cause the Sweden Sub not to assume or pay and Motorola shall cause Motorola Sweden to continue to be responsible for Retained Liabilities of Motorola Sweden. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Sweden Assets made pursuant to SECTION 2.23(b)(i), SCILLC shall cause the Sweden Sub to issue to Motorola Sweden a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "SWEDEN NOTE").

2.24 SWITZERLAND.

(a) Promptly after the execution of this Agreement, SCILLC shall cause the France Sub to establish a branch in Switzerland (the "SWITZERLAND BRANCH").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Switzerland to transfer, assign, convey and deliver to the France Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Switzerland (the "SWITZERLAND ASSETS"); and (ii) SCILLC shall cause the France Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Switzerland (the "SWITZERLAND ASSUMED LIABILITIES"). SCILLC shall cause the France Sub not to assume or pay and Motorola shall cause Motorola Switzerland to continue to be responsible for any Retained Liabilities of Motorola Switzerland. Such transactions shall be effected pursuant to transfer documents substantially in the forms attached hereto as EXHIBIT G modified as necessary to comport with local law and custom.

(c) At the Closing on the Effective Date, (i) Motorola shall transfer, assign convey and deliver to the France Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola through its branch in Switzerland (the "ADDITIONAL SWITZERLAND ASSETS"); and (ii) SCILLC shall cause the France Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola related to the Additional Switzerland Assets (the "ADDITIONAL SWITZERLAND ASSUMED LIABILITIES"). SCILLC shall cause the France Sub not to assume or pay and Motorola shall continue to be responsible for any Retained Liabilities of Motorola through its branch in Switzerland. Such transaction shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(d) At the Closing on the Effective Date, in consideration of the transfers of the Switzerland Assets and the Additional Switzerland Assets made pursuant to SECTIONS 2.24(b)(i) and 2.24(c)(i), SCILLC shall cause the France Sub to issue to Motorola Switzerland a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "SWITZERLAND NOTE") and to issue to Motorola a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "MOTOROLA SWITZERLAND BRANCH NOTE").

2.25 TAIWAN.

(a) Promptly after the execution of this Agreement, SCILLC shall either (i) cause the Hong Kong Sub to establish a branch in Taiwan, or (ii) cause to be incorporated a company, 99.9% owned by SCILLC and 0.1% owned by SIDLLC, using the company name "SCG Taiwan Limited" (the "TAIWAN ENTITY"), as mutually agreed by the parties.

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Taiwan to transfer, assign, convey and deliver to the Hong Kong Sub or the Taiwan Entity, as the case may be, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Taiwan (the "TAIWAN Assets"); and (ii) SCILLC shall cause the Hong Kong Sub or the Taiwan Entity, as the case may be, to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Taiwan (the "TAIWAN ASSUMED LIABILITIES"). SCILLC shall cause the Hong Kong Sub or the Taiwan Entity, as the case may be, not to assume or pay and Motorola shall cause Motorola Taiwan to continue to be responsible for any Retained Liabilities of Motorola Taiwan. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Taiwan Assets made pursuant to SECTION 2.25(b)(i), SCILLC shall cause the Taiwan Branch to issue to Motorola Taiwan a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "TAIWAN NOTE").

2.26 THAILAND.

(a) Promptly after the execution of this Agreement, SCILLC shall cause to be incorporated a private limited company in Thailand, using the company name "SCG Thailand Limited" (the "THAILAND SUB").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola Thailand to transfer, assign, convey and deliver to the Thailand Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola Thailand (the "THAILAND ASSETS"); and (ii) SCILLC shall cause the Thailand Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola Thailand (the "THAILAND ASSUMED LIABILITIES"). SCILLC shall cause the Thailand Sub not to assume or pay and Motorola shall cause Motorola Thailand to continue to be responsible for any Retained Liabilities of Motorola Thailand. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, in consideration of the transfers of the Thailand Assets made pursuant to SECTION 2.26(b)(i), SCILLC shall cause the Thailand Sub to issue to Motorola Thailand a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "THAILAND NOTE").

2.27 UNITED KINGDOM.

(a) Promptly after the execution of this Agreement, SCILLC shall acquire, and be the sole shareholder of, a shelf company in the form of a private limited company in the United Kingdom, changing the company name to "SCG UK Limited" (the "UK SUB").

(b) At the Closing on the Effective Date, (i) Motorola shall cause Motorola UK to transfer, assign, convey and deliver to the UK Sub, free and clear of any Liens (other than Permitted Liens), such of the Purchased Assets owned or held by Motorola UK (the "UK ASSETS"); and (ii) SCILLC shall cause the UK Sub to assume, agree to perform, and in due course pay and discharge the Assumed Liabilities of Motorola UK (the "UK ASSUMED LIABILITIES"). SCILLC shall cause the UK Sub not to assume or pay and Motorola shall cause Motorola UK to continue to be responsible for any Retained Liabilities of Motorola UK. Such transactions shall be effected pursuant to transfer documents in forms to be agreed upon by Motorola and the Company.

(c) At the Closing on the Effective Date, in consideration of the transfers of the UK Assets made pursuant to SECTION 2.27(b)(i), SCILLC shall cause the UK Sub to issue to Motorola UK a note in an aggregate principal amount as set forth on EXHIBIT F and on terms and conditions to be agreed upon by the Company and Motorola (the "UK NOTE").

ARTICLE III

CLOSINGS AND CLOSING DELIVERIES

3.1 EFFECTIVE DATE. The term "CLOSING" as used herein shall refer to the actual transfers, assignments, conveyances and deliveries contemplated by SECTIONS 2.3 through SECTION 2.27 as taking place at the Closing. The Closing shall take place as soon as reasonably practical following the date upon which the conditions precedent set forth in SECTION 6.1 are satisfied or such other effective time as the parties may agree (the "EFFECTIVE DATE").

3.2 DELIVERIES FOR CLOSING.

(a) CANADA. With respect to the transactions contemplated by SECTION 2.4:

(i) Motorola shall cause Motorola Canada to deliver to the Canada Sub the following:

(A) the transfer documents and all such deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.4(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Canada authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Canada Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Canada Sub covenants and agrees to assume the Canada Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Canada Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Canada Assumed Liabilities; and

(D) the Canada Note pursuant to SECTION 2.4(c);

(ii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(a)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(b) China. With respect to the transactions contemplated by SECTION 2.5:

(i) Motorola shall cause MCEL to deliver to the Hong Kong Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.5(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of MCEL authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Hong Kong Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Hong Kong Sub covenants and agrees to assume the China Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Hong Kong Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the China Assumed Liabilities; and

(D) the China Note pursuant to SECTION 2.5(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(b)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(c) CZECH REPUBLIC. With respect to the transactions contemplated by SECTION 2.6:

(i) Motorola shall cause Motorola Czech Republic to deliver to the Czech Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.6(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Czech Republic authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Czech Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Czech Sub covenants and agrees to assume the Czech Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Czech Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Czech Assumed Liabilities; and

(D) the Czech Note pursuant to SECTION 2.6(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(c)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(d) FINLAND. With respect to the transactions contemplated by SECTION 2.7:

(i) Motorola shall cause Motorola Sweden to deliver to the Sweden Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.7(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Sweden authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Sweden Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Sweden Sub covenants and agrees to assume the Finland Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Sweden Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Finland Assumed Liabilities; and

(D) the Finland Note pursuant to SECTION 2.7(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(d)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(e) FRANCE. With respect to the transactions contemplated pursuant to SECTION 2.8:

(i) Motorola shall cause Motorola France to deliver to the France Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.8(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola France authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the France Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the France Sub covenants and agrees to assume the France Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the France Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the France Assumed Liabilities; and

(D) the France Note pursuant to SECTION 2.8(c);

(ii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(e)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(iii) Motorola shall cause Motorola France to deliver, with regard to the transfer of the equity interests of the France Sub and the EURL to SCILLC, transfer documents in a form to be agreed upon by Motorola and the Company.

(iv) All proceedings which may be required by local laws with regard to the information and consultation of employees' representatives will be carried out before the Effective Date.

(f) GERMANY. With respect to the transactions contemplated by SECTION 2.9:

(i) Motorola shall cause Motorola Germany to deliver to the Germany Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.9(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Germany authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Germany Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Germany Sub covenants and agrees to assume the Germany Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Germany Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Germany Assumed Liabilities; and

(D) the Germany Note pursuant to SECTION 2.9(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(f)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(g) HONG KONG. With respect to the transactions contemplated by SECTION 2.10:

(i) Motorola shall cause Motorola Hong Kong to deliver to the Hong Kong Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.10(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Hong Kong authorizing and approving

the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Hong Kong Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Hong Kong Sub covenants and agrees to assume the appropriate Hong Kong Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Hong Kong Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Hong Kong Assumed Liabilities; and

(D) the Hong Kong Note pursuant to SECTION 2.10(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(g)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(h) INDIA. With respect to the transactions contemplated by SECTION 2.11:

(i) Motorola shall cause Motorola India to deliver to the India Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate

to implement the intended transfers contemplated by SECTION 2.11(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola India authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the India Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Hong Kong Sub covenants and agrees to assume the India Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Hong Kong Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the India Assumed Liabilities; and

(D) the India Note pursuant to SECTION 2.11(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(h)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(i) ISRAEL. With respect to the transactions contemplated by SECTION 2.12:

(i) Motorola shall cause Motorola Israel to deliver to the Israel Branch the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment,

conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.12(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Israel authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the France Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the France Sub covenants and agrees to assume the Israel Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the France Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Israel Assumed Liabilities; and

(D) the Israel Note pursuant to SECTION 2.12(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(i)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(j) ITALY. With respect to the transactions contemplated by SECTION 2.13:

(i) Motorola shall cause Motorola Italy to deliver to the Italy Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other

documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.13(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Italy authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Italy Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Italy Sub covenants and agrees to assume the Italy Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Italy Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;
(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Italy Assumed Liabilities; and
(D) the Italy Note pursuant to SECTION 2.13(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(j)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(k) JAPAN. With respect to the transactions contemplated by SECTION 2.14:

(i) Motorola shall cause Motorola Japan to deliver to the Japan Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.14(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Japan authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Japan Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Japan Sub covenants and agrees to assume the Japan Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Japan Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Japan Assumed Liabilities; and

(D) the Japan Note pursuant to SECTION 2.14(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(k)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(l) KOREA. With respect to the transactions contemplated by SECTION 2.15:

(i) Motorola shall cause Motorola Korea to deliver to the Korea Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.15(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Korea authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Korea Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Korea Sub covenants and agrees to assume the Korea Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Korea Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Korea Assumed Liabilities; and

(D) the Korea Note pursuant to SECTION 2.15(c); and

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(l)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(m) MALAYSIA. With respect to the transactions contemplated by SECTION 2.16:

(i) Motorola shall cause MESB to deliver to MSSB the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfer contemplated by SECTION 2.16(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of MESB authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) Motorola shall cause MMSB to deliver to MSSB the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfer contemplated by SECTION 2.16(c);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of MMSB authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(iii) Motorola shall cause MSSB to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which MSSB covenants and agrees to assume the appropriate Assumed Liabilities related to the Purchased Assets transferred to MSSB;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholder of MSSB, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Assumed Liabilities contemplated hereby; and

(D) the MESB Note and the MMSB Note pursuant to SECTION 2.16(d).

(iv) Motorola shall cause MMSB to deliver to SCG Malaysia Holdings the following:

(A) stock powers or other appropriate transfer and assignment documents to effect the intended stock transfer and assignment of the MSSB Stock;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of MMSB, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(v) SCG Malaysia Holdings shall execute and deliver to MMSB the Company Malaysia Note contemplated by SECTION 2.16(f).

(vi) Motorola shall cause MMSB to, and SCILLC shall, execute and deliver such other documents and instruments as may be reasonably necessary to implement the stock transfers contemplated pursuant to SECTION 2.16(a). Without limiting the foregoing, Motorola shall cause MMSB to, and SCILLC shall, if required by or appropriate in any foreign jurisdiction, execute and deliver stock transfer forms.

(vii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(m)(vii) shall be obtained, subject to any changes in applicable law after the date hereof.

(n) MEXICO. With respect to the transactions contemplated pursuant to SECTION 2.17:

(i) Motorola shall cause Motorola Mexico to deliver to the Mexico Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.17(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Mexico authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Mexico Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Mexico Sub covenants and agrees to assume the appropriate Assumed Liabilities related to the Purchased Assets transferred to the Mexico Sub;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Mexico Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the

transfers and assumption of the Assumed Liabilities contemplated hereby; and (D) the Mexico Note pursuant to SECTION 2.17(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(n)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(o) THE NETHERLANDS. With respect to the transactions contemplated by SECTION 2.18:

(i) SCILLC shall deliver to Netherlands Holdings the following:

(A) stock powers or appropriate transfer and assignment documents to effect the intended stock transfer and assignment of the stock of the France Sub, the EURL, the Germany Sub, the Italy Sub, the Sweden Sub and the UK Sub; and

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of SCILLC, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(ii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(o)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(p) PHILIPPINES. With respect to the transactions contemplated by SECTION 2.19:

(i) Motorola shall cause Motorola Philippines to deliver to MCP the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.19(b).

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the

stockholders of Motorola Philippines authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) Motorola shall cause MCP to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which MCP covenants and agrees to assume the appropriate Non-SCG Philippine Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of MCP, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Assumed Liabilities contemplated hereby.

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(p)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(q) SINGAPORE. With respect to the transactions contemplated by SECTION 2.21:

(i) Motorola shall cause Motorola Singapore to deliver to the Singapore Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.21(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Singapore authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Singapore Sub and/or MMSB to execute and deliver:

(A) Assumption Agreements in the form agreed to by the parties, pursuant to which the Singapore Sub and/or MMSB covenants and agrees to assume the Singapore Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Singapore Sub and/or MMSB, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Singapore Assumed Liabilities; and

(D) the Singapore Notes pursuant to SECTION 2.21(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(q)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(r) SPAIN. With respect to the transactions contemplated by SECTION 2.22:

(i) Motorola shall cause Motorola Spain to deliver to the France Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.22(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Spain authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the France Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the France Sub covenants and agrees to assume the Spain Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the France Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Spain Assumed Liabilities; and

(D) the Spain Note pursuant to SECTION 2.22(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(r)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(s) SWEDEN. With respect to the transactions contemplated by SECTION 2.23:

(i) Motorola shall cause Motorola Sweden to deliver to the Sweden Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.23(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Sweden authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Sweden Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Sweden Sub covenants and agrees to assume the Sweden Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Sweden Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Sweden Assumed Liabilities; and

(D) the Sweden Note pursuant to SECTION 2.23(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(s)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(t) SWITZERLAND. With respect to the transactions contemplated by SECTION 2.24:

(i) Motorola shall, and shall cause Motorola Switzerland to, deliver to the France Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTIONS 2.24(b) and 2.24(c);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Switzerland authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the France Sub to execute and deliver:

(A) two Assumption Agreements in the form agreed to by the parties, pursuant to which the France Sub covenants and agrees to assume the Switzerland Assumed Liabilities and the Additional Switzerland Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the France Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Switzerland Assumed Liabilities and the Additional Switzerland Assumed Liabilities; and

(D) the Switzerland Note and the Motorola Switzerland Branch Note pursuant to SECTION 2.24(d);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(t)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(u) TAIWAN. With respect to the transactions contemplated by SECTION 2.25:

(i) Motorola shall cause Motorola Taiwan to deliver to the Taiwan Entity the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.25(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Taiwan authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the Taiwan Entity transfers contemplated hereby.

(ii) SCILLC shall cause the Taiwan Entity to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Taiwan Entity covenants and agrees to assume the Taiwan Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Taiwan Entity, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Taiwan Assumed Liabilities; and

(D) the Taiwan Note pursuant to SECTION 2.25(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(u)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(v) THAILAND. With respect to the transactions contemplated by SECTION 2.26:

(i) Motorola shall cause Motorola Thailand to deliver to the Thailand Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.26(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola Thailand authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the Thailand Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which the Thailand Sub covenants and agrees to assume the Thailand Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the Thailand Sub, authorizing and approving the

execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the Thailand Assumed Liabilities; and

(D) the Thailand Note pursuant to SECTION 2.26(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(v)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

(w) UNITED KINGDOM. With respect to the transactions contemplated by SECTION 2.27:

(i) Motorola shall cause Motorola UK to deliver to the UK Sub the following:

(A) the transfer documents and all such other deeds, bills of sale, lease assignments and other contract assignments and other documents and instruments of sale, transfer, assignment, conveyance and deliverance as may be necessary and appropriate to implement the intended transfers contemplated by SECTION 2.27(b);

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of Motorola UK authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and

(C) such other documents and instruments as may be reasonably necessary to implement the transfers contemplated hereby.

(ii) SCILLC shall cause the UK Sub to execute and deliver:

(A) an Assumption Agreement in the form agreed to by the parties, pursuant to which UK Sub covenants and agrees to assume the UK Assumed Liabilities;

(B) authorizing corporate resolutions, appropriately certified, of the Board of Directors (or comparable body) and, if required, the stockholders of the UK Sub, authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(C) transfer documents and such other documents and instruments as may be reasonably necessary to implement the transfers and assumption of the UK Assumed Liabilities; and

(D) the UK Note pursuant to SECTION 2.27(c);

(iii) The consents and approvals of the Governmental Authorities and other Persons listed on SCHEDULE 3.2(w)(iii) shall be obtained, subject to any changes in applicable law after the date hereof.

3.3 COLLATERAL AGREEMENTS.

(a) At the Closing, Motorola shall, and shall cause the other Transferors or any other parties to, and SCILLC shall, and shall cause the other Transferees and any other parties to, as appropriate, enter into and execute and deliver the following additional documents:

(i) a Transition Services Agreement;

(ii) an Employee Matters Agreement;

(iii) an Equipment Pass Down Agreement;

(iv) an SCG Foundry Agreement;

(v) an SCG Assembly Agreement;

(vi) a Motorola Foundry Agreement;

(vii) a Motorola Assembly Agreement;

(viii) an SCG Master Lease Agreement between Motorola as lessor and SCILLC as lessee;

(ix) a Motorola Facilities Lease Agreement between SCILLC as lessor and Motorola as lessee;

(x) an Equipment Lease and Repurchase Agreement;

(xi) an Information Technology Services Agreement;

(xii) a Human Resources Agreement;

(xiii) a Supply Management Agreement;

(xiv) a Logistics Agreement; and

(xv) a Finance Services Agreement.

3.4 COOPERATION. Motorola shall, and shall cause the other Transferors or any other parties to, and SCILLC shall, and shall cause the other Transferees and any other parties to, as appropriate, on request, on or after the Closing, cooperate with one another by furnishing any additional information, executing and delivering any additional documents and/or instruments and doing any and all such other things as may be reasonably required to consummate or otherwise implement the transactions contemplated by this Agreement.

ARTICLE IV

PRE-CLOSING FILINGS, CONSENTS AND OTHER MATTERS

4.1 GOVERNMENTAL FILINGS. The parties hereto covenant and agree with each other to (a) promptly file, or cause to be promptly filed, with any Governmental Authority all such notices, applications (including applications for permits, licenses and other similar instruments), forms or other documents as may be necessary to consummate the transactions contemplated hereby and to permit each Transferee to operate that portion of the Business transferred to it), including without limitation the consents, approvals of the Governmental Authorities and applications for permits and licenses set forth on SCHEDULES 3.2(m)(vii), 3.2(a)-(l)(iii), and 3.2 (n)-(w)(iii) and (b) thereafter diligently pursue all such consents, approvals and applications.

4.2 CONSENT OF THIRD PARTIES. Nothing in this Agreement shall be construed as an attempt or agreement to assign any asset, contract, lease, permit, license or other right which would otherwise be included in the Purchased Assets but which is by its terms or by law non-assignable without the consent of the other party or parties thereto or any Governmental Authority unless such consent shall have been given, or as to which all the remedies for the enforcement thereof enjoyed by any Transferor or the Business would not, as a matter of law, pass to any Transferee as an incident of the assignments provided for by this Agreement (the "NON-ASSIGNABLE ASSETS"). Each Transferor agrees to use Reasonable Efforts to obtain such consent or consents promptly. At such time as any Non-Assignable Asset is properly assigned to the appropriate Transferee, such Non-Assignable Asset shall become a Purchased Asset. Following the Closing and until such time as such Non-Assignable Assets may be properly assigned to the appropriate Transferee, such Non-Assignable Assets shall be held in trust for the appropriate Transferee and the covenants and obligations thereunder shall be performed by the appropriate Transferee in the name of the Transferor, and all benefits and obligations existing thereunder shall be for the account of the appropriate Transferee. During such period, the Transferor shall take or cause to be taken such action in its name or otherwise as the appropriate Transferee may reasonably request, at the appropriate Transferee's

expense, so as to provide the appropriate Transferee with the benefits of the Non-Assignable Assets and to effect collection of money or other consideration to become due and payable under the Non-Assignable Assets, and the Transferor shall promptly pay over to the appropriate Transferee all money or other consideration received by it (or its Affiliates) in respect of all Non-Assignable Assets. Following the Closing, the Transferor authorizes the appropriate Transferee, to the extent permitted by applicable law and the terms of the Non-Assignable Assets, at the appropriate Transferee's expense, to perform all of the obligations and receive all of the benefits under the Non-Assignable Assets and appoints the appropriate Transferee its attorney-in-fact to act in its name on its behalf (and on behalf of its Affiliates) with respect thereto.

4.3 ASSET OR LIABILITY DISPUTE RESOLUTION. In the event that after the date hereof, any Transferor or Transferee has a dispute as to whether any assets, properties, rights or interests are intended to be transferred to SCILLC and its subsidiaries or whether any debt, liability or obligation is intended to be assumed by SCILLC and its subsidiaries, in each case consistent with the terms hereof, then the following procedure shall be followed:

(a) Upon the occurrence of such a dispute either SCILLC or Motorola may by written notice to the other party and the Transaction Committee (the "Initial Notice") call for the consideration of such dispute by the Transaction Committee (as hereinafter defined). The Transaction Committee shall meet to discuss, review and attempt to resolve the dispute. The Transaction Committee may be assisted by other advisors, including accountants, attorneys, and employees, in its discussions and review. The "TRANSACTION COMMITTEE" shall be determined on or within three (3) days following the Effective Date by Motorola and the Company each selecting two individuals who are familiar with the Business to serve on such committee.

(b) If the Transaction Committee is unable to reach an agreement under clause (a) above within thirty (30) days of the Initial Notice, then each of Motorola and SCILLC shall call for a higher level resolution discussion, pursuant to which each of SCILLC and Motorola shall designate in writing by notice to the other party within ten (10) days after the expiration of such thirty (30) day period a higher level management employee which shall be the President of SPS or President of SCILLC, or an equivalent position, as the case may be, (a "HIGH LEVEL MANAGEMENT EMPLOYEE") to discuss and attempt to resolve the dispute. Such High Level Management Employee may be assisted by other advisors, including accountants, attorneys, and employees, in his or her discussions and negotiations with the other party. SCILLC and Motorola agree to negotiate in good faith with one another for an additional period ending sixty (60) days after the date of Initial Notice.

(c) In the event the dispute remains unresolved after the passage of sixty (60) days after the date of the Initial Notice, then both parties may attempt to settle any claim or controversy arising out of it through consultation and negotiation in good faith and a spirit of mutual cooperation. If those attempts fail, then the dispute will be mediated by a mutually-acceptable mediator to be chosen by Motorola and SCILLC (the "MEDIATOR"). Neither Motorola nor SCILLC may unreasonably withhold consent to the

selection of a mediator, and Motorola and SCILLC will share the costs of the mediation equally. The parties may also agree to replace mediation with some other form of alternative dispute resolution ("ADR"), such as neutral fact-finding or a minitrial. In any event the mediation shall follow the following procedures:

(i) meeting dates shall be set for two (2) days of meetings within forty-five (45) days after the respondent's answer is filed with the Mediator (the Mediator shall be advised of the schedule, and the availability of the Mediator shall be a pre-requisite to serving as the Mediator).

(ii) each meeting date shall be as follows: 9:00 a.m. through 12:00 p.m. and 1:00 p.m. through 5:00 p.m. and the time allocated to each party shall be equal;

(iii) no discovery shall be taken unless agreed to by the parties hereto and the Mediator; and

(iv) the Mediator shall ask the parties thereto to reach a decision within fifteen (15) days of the last meeting date.

(d) Any dispute which Motorola and SCILLC cannot resolve through negotiation, mediation or other form of ADR within six (6) months of the date of the initial demand for it by either Motorola or SCILLC may then be submitted to the courts within the State of New York for resolution. The use of any ADR procedures will not be construed under the doctrines of laches, waiver or estoppel to affect adversely the rights of either party, and nothing in this paragraph will prevent either SCILLC or Motorola from resorting to judicial proceedings if (a) good faith efforts to resolve the dispute under these procedures have been unsuccessful or (b) interim relief from a court is necessary to prevent serous and irreparable injury to one party or to others.

(e) Notwithstanding the foregoing, on or after the second (2nd) anniversary of the Effective Date, the procedures of this SECTION 4.3 shall not be available for any disputes, except for those disputes for which an Initial Notice has been received by the appropriate party prior to such second anniversary.

4.4 SHARED CONTRACTS.

(a) At the request of any SCG Company, each Transferor shall, and shall cause its Affiliates to, to the maximum extent permitted by applicable law, statute, ordinance, regulation or permit and Shared Contracts, make available to such SCG Company (or its designated Affiliates) the benefits and rights under the Shared Contracts (except where the benefits or rights under such Shared Contracts are specifically provided pursuant to a Collateral Agreement) which are substantially equivalent to the benefits and rights enjoyed by such Transferor under each contract for which such request is made by an SCG Company, to the extent such benefits relate to the Business; PROVIDED, HOWEVER, that the relevant SCG Companies shall assume and discharge (or reimburse the

Transferor for) the obligations and liabilities under the relevant Shared Contracts associated with the benefits and rights so made available to such Transferee.

(b) At the request of any Transferor, each Transferee shall, and shall cause its Affiliates to, to the maximum extent permitted by applicable law, statute, ordinance, regulation or permit and Shared Contracts, make available to such Transferor (or its designated Affiliates) the benefits and rights under the Shared Contracts (except where the benefits or rights under such Shared Contracts are specifically provided pursuant to a Collateral Agreement) which are substantially equivalent to the benefits and rights enjoyed by such Transferee under each contract for which such request is made by a Transferor, to the extent such benefits relate to the business of Motorola other than the Business; PROVIDED, HOWEVER, that the relevant Transferor shall assume and discharge (or reimburse the Transferee for) the obligations and liabilities under the relevant Shared Contracts associated with the benefits and rights so made available to such Transferor.

(c) "SHARED CONTRACT" shall mean (x) for the purposes of SECTION 4.4(a), all arrangements, contracts, leases and other agreements relating in part to the Business but not primarily or exclusively to the Business and (y) for the purposes of SECTION 4.4(b), all arrangements, contracts, leases and other agreements included in the Purchased Assets relating in part to any other businesses of Motorola.

4.5 ENTITY CLASSIFICATION. If an election pursuant to Treasury Regulation section 1.7701-3 is required for an entity listed on EXHIBIT I to be classified for U.S. federal income tax purposes in the manner set forth on EXHIBIT I, Motorola shall cause such entity to make such an election as promptly as possible and where possible in such a manner that the election is effective on the date of the formation of such entity. For such time as any such entity is an Affiliate of Motorola, Motorola shall not permit any such entity to make an election pursuant to Treasury Regulation section 1.7701-3 that would cause such entity to be classified other than in the manner set forth on Exhibit I.

4.6 SEI TAX RETURN FILINGS. Prior to the Closing, Motorola shall cause SEI to timely file SEI's annual income tax returns.

ARTICLE V

FOREIGN REAL PROPERTY MATTERS

5.1 FOREIGN REAL PROPERTY. With respect to any Real Property located outside the United States which is owned by a Transferor or a transferring SCG Company and which is intended to be owned by SCILLC and its subsidiaries after the Effective Date, Motorola agrees to cause the appropriate Transferor to obtain and deliver at the Effective Date to the Transferee such assurances of title to such Real Property as is customary for a seller to deliver to a buyer in such jurisdiction in an arms' length transaction between unrelated parties.

5.2 REAL PROPERTY TITLE EXPENSES. The costs and expenses for any title assurances to be delivered pursuant to SECTION 5.1 shall be paid by Motorola.

ARTICLE VI

CONDITIONS PRECEDENT

6.1 CONDITIONS TO CLOSING.

The obligations of the parties hereto to close the transactions hereunder are subject to the following conditions precedent:

(a) No investigation, action, suit or proceeding by any Governmental Authority, and no action, suit or proceeding by any other Person, shall be pending on the Effective Date which challenges, or might reasonably result in a challenge to, this Agreement or any of the transactions contemplated hereby, or which claims, or might reasonably give rise to a claim for, damages in a material amount as a result of the consummation of this Agreement.

(b) All documents and instruments to be executed and delivered pursuant to this Agreement, including without limitation, the documents and instruments to be delivered pursuant to Article III, shall be satisfactory to the parties hereto to whom such documents are to be delivered.

(c) Motorola and SCILLC shall have agreed to the form of the Collateral Agreements.

(d) All required consents and approvals of any Governmental Authority and the consents and approvals of any other Persons and all permits, licenses and similar instruments set forth on SCHEDULES 3.2(m)(vii), 3.2(a)-(l)(iii) and 3.2(n)-(w)(iii) shall have been obtained and in full force and effect as of the Effective Date and such consents, approvals, permits, licenses and other instruments shall not impose any restrictions, limitations or conditions which would have a material adverse effect on the financial condition, results of operations or operations of the Business.

ARTICLE VII

TERMINATION

7.1 TERMINATION. This Agreement shall be terminated upon the occurrence of either of the following:

(a) if the Closing shall not have occurred on or before November 1, 1999, unless Motorola elects to extend such date; or

(b) upon mutual agreement of Motorola and the Company.

ARTICLE VIII

MISCELLANEOUS

8.1 FURTHER ACTIONS.

(a) The parties hereto agree to use all reasonable good faith efforts to take all actions and to do all things necessary, proper or advisable to consummate the transactions contemplated hereby by the applicable closing dates.

(b) Motorola shall, and shall cause its Affiliates to, use its reasonable good faith efforts to enter into such agreements and other arrangements (including sublicenses and subleases) with the appropriate parties as are necessary to ensure that SCILLC and its subsidiaries after the Closing own or hold the assets, properties and rights (together with the benefits provided under the Collateral Agreements) of SCG sufficient to operate the Business as operated on the date hereof.

8.2 NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) three Business Days after mailing if mailed by certified or registered mail, return receipt requested, (ii) one Business Day after delivery to Federal Express or other nationally recognized overnight express carrier, if sent for overnight delivery with fee prepaid, (iii) upon receipt if sent via facsimile with receipt confirmed, or (iv) upon receipt if delivered personally, addressed to the address set forth in SCHEDULE 8.2 or to such other address or addresses of which the respective party shall have notified the other.

8.3 ENTIRE AGREEMENT. The agreement of the parties, which is comprised of this Agreement, the Exhibits and the Schedules hereto and the documents referred to herein, sets forth the entire agreement and understanding between the parties and supersedes any prior agreement or understanding, written or oral, relating to the subject matter of this Agreement.

8.4 ASSIGNMENT; BINDING EFFECT; SEVERABILITY. This Agreement may not be assigned by any party hereto without the written consent of the other parties hereto, except that the Company may assign this Agreement and its rights and obligations hereunder to or for the account of lenders providing financing to the Company solely and specifically for the purpose of securing such financing. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors, legal representatives and permitted assigns of each party hereto. The provisions of this Agreement are severable, and in the event that any one or more provisions are deemed illegal or unenforceable the remaining provisions shall remain in full force and effect unless the deletion of such provision shall cause this Agreement to become materially adverse to any party, in which event the parties shall use reasonable good faith efforts to arrive at an accommodation which best preserves for the parties the benefits and obligations of the offending provision.

8.5 GOVERNING LAW. This Agreement shall be governed by and construed and enforced in accordance with the internal laws (as opposed to the conflicts of laws provisions) of the State of New York.

8.6 EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts with the same effect as if the signatures thereto were upon one instrument.

8.7 HEADINGS. The headings preceding the text of the sections and subsections hereof are inserted solely for convenience of reference, and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

8.8 AMENDMENT AND WAIVER. The parties may by mutual agreement amend this Agreement in any respect, and any party, as to such party, may (a) extend the time for the performance of any of the obligations of any other party, (b) waive any inaccuracies in representations by any other party, (c) waive compliance by any other party with any of the agreements contained herein and performance of any obligations by such other party, and (d) waive the fulfillment of any condition that is precedent to the performance by such party of any of its obligations under this Agreement. To be effective, any such amendment or waiver must be in writing and be signed by the party against whom enforcement of the same is sought.

8.9 U.S. CURRENCY. Unless otherwise stated, all dollars specified in this Agreement, and the Exhibits and Schedules attached or referred to herein, shall be in U.S. dollars.

[signature page follows]

IN WITNESS WHEREOF, each of Motorola, the Company and SCILLC has caused this Reorganization Agreement to be duly executed on its behalf by its duly authorized officer as of the day and year first written above.

MOTOROLA, INC.

/s/ KEITH J. BANE

Name: Keith J. Bane

Title: Executive Vice President

SCG HOLDING CORPORATION

/s/ THEODORE W. SCHAFFNER

Name: Theodore W. Schaffner

Title: Attorney In Fact

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By: SCG Holding Corporation, its sole member

/s/ THEODORE W. SCHAFFNER

Name: Theodore W. Schaffner

Title: Attorney In Fact

EXHIBITS

EXHIBIT	DESCRIPTION
A	Cody Restructuring
B	Motorola Assumption Agreement
C	Asset Contribution Agreement
D	Czech/Slovak Distribution and Contribution Agreement
E	Philippine Distribution and Contribution Agreement
F	Notes Allocation Schedule
G	Form of Business Transfer Agreement
H	Malaysian Distribution and Contribution Agreement
I	Entity Classification

EXHIBIT 2.2

AGREEMENT AND PLAN OF RECAPITALIZATION AND MERGER

By and Among

MOTOROLA, INC.,

SCG HOLDING CORPORATION,

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC,

TPG SEMICONDUCTOR HOLDINGS CORP.

and

TPG Semiconductor ACQUISITION Corp.

Made as of

May 11, 1999

TABLE OF CONTENTS

PAGE

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

PAGE

PAGE

TABLE OF CONTENTS
(continued)

PAGE

EXHIBITS

Exhibit	Description	Section Reference
A	Form of Amended and Restated Intellectual Property Agreement	1.2
B-1	Semiconductor Products	1.2
B-2	Purchased Assets-Equipment	1.2
C	Form of Company/SCI LLC Bill of Sale	1.2
D	Form of Quit-Claim Deed, Bill of Sale and Severance Agreement of Buildings and Fixtures Only and Not of Land	1.2
E	Existing Motorola Non-U.S. Entities	1.2
F	Motorola Transferors	1.2
G	SCG Post-Closing Entities	1.2
H	Terms of SCI LLC Junior Notes	1.2
I	Significant Properties	1.2
J	Terms of Surviving Corporation Preferred Stock	1.2
K	Cody Restructuring	1.2
L	Certificate of Incorporation of the Surviving Corporation	3.4(a)
M	By-Laws of the Surviving Corporation	3.4(b)
N	TPG Financing Commitments	6.2
O	Joint Venture Credit Facilities	7.10
P	Leshan JV Term Sheet	7.11
Q	Tax Methodology	10.9
R	Terms of Stockholders Agreement	12.5

AGREEMENT AND PLAN OF RECAPITALIZATION AND MERGER

This Agreement and Plan of Recapitalization and Merger (this "AGREEMENT") made as of 11th day of May, 1999 by and among Motorola, Inc., a Delaware corporation ("MOTOROLA"), SCG Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of Motorola, formerly known as "Motorola Energy Systems, Inc." (the "COMPANY"), Semiconductor Components Industries, LLC, a Delaware limited liability company ("SCI LLC"), the sole member of which is the Company, TPG Semiconductor Holdings Corp., a Delaware corporation ("TPG HOLDING"), and TPG Semiconductor Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of TPG Holding ("TPG ACQUISITION").

RECITALS

WHEREAS,

A. Motorola owns all of the issued and outstanding capital stock of the Company;

B. The Company has authorized capital stock consisting of 1,000 shares of common stock, without par value ("COMPANY STOCK"), of which 100 shares are outstanding as of the date hereof;

C. The Company owns all of the membership interests of SCI LLC;

D. TPG Acquisition has authorized capital stock consisting of 1,000 shares of common stock, par value $0.01 per share ("TPG ACQUISITION STOCK"), all of which are outstanding as of the date hereof;

E. TPG Holding owns all of the issued and outstanding capital stock of TPG Acquisition;

F. At the Closing, the Company shall consummate the Company/SCI Asset Transfer pursuant to which the Company shall receive SCI LLC Junior Notes in the aggregate principal amount of $91.0 million;

G. At the Closing, SCI LLC and certain SCG Parties will enter into that certain senior secured loan agreement (the "SENIOR SECURED LOAN AGREEMENT") by and between SCI LLC and a group of lenders led by the Chase Manhattan Bank (together, the "SENIOR SECURED LENDER") providing for a senior secured term loan to SCI LLC of $800.0 million (the "SENIOR SECURED LOAN");

H. Prior to the Closing, SCI LLC will enter into a senior subordinated notes subscription agreement (the "SUBORDINATED NOTES SUBSCRIPTION AGREEMENT") among SCI LLC and Chase Securities Inc. (the "PLACEMENT AGENT") providing for the purchase of $400.0 million in senior subordinated notes by the Placement Agent to be privately placed pursuant to Rule 144A under the Securities Act (the "SUBORDINATED NOTES");

I. At the option of TPG Acquisition, in lieu of the placement of the Subordinated Notes, at the Closing SCI LLC will enter into a bridge loan agreement (the "BRIDGE FINANCING AGREEMENT") among SCI LLC and a group of lenders led by The Chase Manhattan Bank (together, the "BRIDGE LENDERS") for an aggregate amount of $400.0 million (the "BRIDGE LOAN").

J. SCI LLC shall use a portion of the proceeds received from the Financing to purchase Company Notes or to lend or to contribute amounts (directly or indirectly) to subsidiaries for the purpose of purchasing or paying the Company Notes in full, and the remainder of such proceeds shall be distributed to the Company and/or used to pay transaction costs;

K. At the Closing, TPG Holding will purchase from Motorola 30 shares of Company Stock for aggregate consideration of $307.5 million;

L. Motorola and TPG Holding shall cause TPG Acquisition to merge with and into the Company (the "MERGER") pursuant to which:

(i) the separate existence of TPG Acquisition shall cease;

(ii) the Company shall continue as the Surviving Corporation;

(iii) each share of the Company Stock shall be converted into 3,000 shares of Surviving Corporation Stock (after which (a) TPG Holding shall hold 90,000 shares of Surviving Corporation Stock and (b) Motorola shall hold 210,000 shares of shares of Surviving Stock); and

(iv) the TPG Acquisition Stock shall be converted into Surviving Corporation Preferred Stock having an original liquidation preference of $150 million; and

M. Motorola shall cause the Surviving Corporation to redeem (the "REDEMPTION") from Motorola 200,000 shares of Surviving Corporation Stock (after which Motorola shall hold 10,000 shares of Surviving Corporation Stock) in exchange for:

(i) the SCI LLC Junior Notes in the principal amount of $91.0 million;

(ii) Surviving Corporation Preferred Stock having an original liquidation preference of $59.0 million; and

(iii) the Redemption Cash Consideration (directly or indirectly through payment and/or purchase of the Company Notes);

N. It is the intent of the parties that the sum of the Stock Purchase Price and the Redemption Cash Consideration (before giving effect to the adjustments set forth in SECTION 3.7) shall be $1.4325 billion; and

O. It is intended that the transactions contemplated hereby be recorded as a recapitalization of the Company for financial reporting purposes.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, Motorola, the Company, SCI LLC, TPG Holding and TPG Acquisition covenant and agree as follows:

Article I

DEFINITIONS

1.1 PREVIOUSLY DEFINED TERMS. Each term defined in the first paragraph and Recitals shall have the meaning set forth above whenever used herein, unless otherwise expressly provided herein or unless the context hereof clearly requires otherwise.

1.2 GENERAL DEFINITIONS. The following terms shall have the meanings set forth below unless otherwise expressly provided or unless the context clearly requires otherwise:

"ADSP" has the meaning ascribed to such term in SECTION 10.9.

"AFFILIATE" of a Person means any Person controlling, controlled by, or under common control with, such Person. For purposes of this definition, "CONTROL" means the power to direct the management and policies of a Person, whether through the ownership of voting securities, by agreement or otherwise.

"AMENDED AND RESTATED IP AGREEMENT" means the Amended and Restated Intellectual Property Agreement to be entered into as of the Closing Date by and between Motorola and SCI LLC, the form of which is attached hereto as EXHIBIT A.

"ASSUMED LIABILITIES" has the meaning ascribed to such term in the Reorganization Agreement.

"BALANCE SHEET" has the meaning ascribed to such term in SECTION 6.1(A).

"BALANCE SHEET DATE" has the meaning ascribed to such term in SECTION 6.1(A).

"BRIDGE FINANCING AGREEMENT" has the meaning ascribed to such term in paragraph I of the Recitals.

"BRIDGE LENDERS" has the meaning ascribed to such term in paragraph I of the Recitals.

"BRIDGE LOAN" has the meaning ascribed to such term in paragraph I of the Recitals.

"BUSINESS" means the business and operations of the Semiconductor Components Group of Motorola including, without limitation, the design, development, manufacture, marketing and sale of the semiconductor products set forth on EXHIBIT B-1, it being understood, however, that the Business shall include (1) with respect to all patents, trademarks, know how, software, mask works, copyrights or other intellectual property, only those rights and obligations of the Company under the Amended and Restated IP Agreement; (2) the Purchased Assets, including without limitation the assets and properties set forth on EXHIBIT B-2, as such may be amended prior to Closing; and (3) all rights and obligations of the Company under the Collateral Agreements; PROVIDED, HOWEVER, that the term "Business" shall not include the Excluded Assets (except to the extent Excluded Assets may be used to provide benefits to the Company under a Collateral Agreement). Notwithstanding anything herein to the contrary, the term "Business" shall not include the business and operations of the Joint Ventures.

"BUSINESS ACT" means the General Corporation Law of the State of Delaware.

"BUSINESS DAY" means any day (other than a Saturday or Sunday) on which banks generally are open in New York for the conduct of substantially all of their activities.

"CAPITAL EXPENDITURE CERTIFICATE" shall have the meaning ascribed hereto in SECTION 3.7.

"CAPITAL EXPENDITURE DEFICIT" means the excess (but not less than $0), if any, of (a) the product of $300,474 and the number of days elapsed between (and inclusive of) January 1, 1999 and the Closing Date over (b) the amount of cash actually expended to fund or in respect of capital maintenance and capital expenditures of or with respect to the Business for the period commencing on January 1, 1999 and ending on the Closing Date.

"CAPITAL EXPENDITURE SURPLUS" means the excess (but not less than $0), if any, of (a) the lesser of (1) the amount of cash actually expended to fund or in respect of capital maintenance and capital expenditures of or with respect to the Business for the period commencing on January 1, 1999 and ending on the Closing Date, and (2) $109,673,000 over (b) the product of $300,474 and the number of days elapsed between (and inclusive of) January 1, 1999 and the Closing Date.

"CERTIFICATE OF MERGER" has the meaning ascribed to such term in SECTION 3.2.

"CLAIM NOTICE" has the meaning ascribed to such term in SECTION 11.5(A).

"CLAIM RESPONSE" has the meaning ascribed to such term in SECTION 11.5(A).

"CLOSED CODY PROGRAM" has the meaning ascribed to such term in SECTION 3.7(E)(I).

"CLOSING" has the meaning ascribed to such term in SECTION 5.1.

"CLOSING DATE" has the meaning ascribed to such term in SECTION 5.1.

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

"CODY CERTIFICATE" shall have the meaning ascribed thereto in SECTION 3.7.

"CODY RESTRUCTURING" means the restructuring adopted by Motorola more particularly described in EXHIBIT K.

"COLLATERAL AGREEMENTS" means the Amended and Restated IP Agreement, Transition Services Agreement, Employee Matters Agreement, Equipment Pass Down Agreement, SCG Foundry Agreement, SCG Assembly Agreement, Motorola Foundry Agreement, Motorola Assembly Agreement, Company/SCI Quit-Claim Deed, Bill of Sale and Severance Agreement of Buildings and Fixtures Only and Not of Land, Existing Ground Lease, SCG Master Lease Agreement, Motorola Facilities Lease Agreement and Equipment Lease and Repurchase Agreement.

"COMPANY" has the meaning ascribed to such term in the introductory paragraph of this Agreement.

"COMPANY NOTES" means the Canada Note, China Note, Company China Note, Company Malaysia Note, Czech Note, Finland Note, France Note, Germany Note, Hong Kong Note, India Note, Israel Note, Italy Note, Japan Note, Korea Note, MESB Note, Mexico Note, MMSB Note, Motorola Switzerland Branch Note, Singapore Note, Spain Note, Sweden Note, Switzerland Note, Taiwan Note, Thailand Note and the U.K. Note, as applicable, and as such terms are defined in the Reorganization Agreement and such other similar notes as may be issued in respect of transactions contemplated by the Reorganization Agreement and SECTIONS 4.2 and 7.13 hereof.

"COMPANY NOTES AMOUNT" has the meaning ascribed to such term in SECTION 3.6(F).

"COMPANY PERMITS" has the meaning ascribed to such term in SECTION 8.8(B).

"COMPANY STOCK" has the meaning ascribed to such term in Recital B hereof.

"COMPANY/SCI ASSET TRANSFER" shall mean (i) the transfer by the company to SCI LLC of certain personal property identified in Attachment A to the Company/SCI Bill of Sale in

accordance with the terms of the Company/SCI Bill of Sale, (ii) the transfer of certain buildings in accordance with the terms of that certain Company/SCI Quit-Claim Deed, Bill of Sale and Severance Agreement of Buildings and Fixtures Only and Not of Land and (iii) the transfer of rights to certain real property to be effective in accordance with SECTION 7.12.

"COMPANY/SCI BILL OF SALE" shall mean that certain Bill of Sale in the form attached hereto as EXHIBIT C attached hereto to be entered into on the Closing Date by and between the Company and SCI LLC.

"COMPANY/SCI GROUND LEASE" shall mean that certain Ground Lease in the form to be agreed upon prior to Closing Date by Motorola and SCI LLC in accordance with SECTION 7.12 and to be entered into as of the Closing Date by and among SCI LLC and Motorola.

"COMPANY/SCI QUIT-CLAIM DEED, BILL OF SALE AND SEVERANCE AGREEMENT OF BUILDINGS AND FIXTURES ONLY AND NOT OF LAND" shall mean that certain Quit-Claim Deed, Bill of Sale and Severance Agreement of Buildings and Fixtures Only and Not of Land in the form of EXHIBIT D attached hereto to be entered into on the Closing Date by and between the Company and SCI LLC.

"CONTEST" has the meaning ascribed to such term in SECTION 10.6.

"CONTRACTS" has the meaning ascribed to such term in SECTION 8.22.

"CUSTOMER CONTRACTS" has the meaning ascribed to such term in SECTION 8.22(A).

"DAMAGES" means any and all losses (including losses calculated as a multiple of a recurring cash flow or income statement impact, to the extent applicable), liabilities, damages, penalties, obligations, awards, fines, deficiencies, interest, claims, costs and expenses whatsoever (including reasonable attorneys', accountants' and environmental consultants' fees and disbursements) resulting from, arising out of or incident to (x) any matter for which

indemnification is provided under this Agreement, or (y) the enforcement by an indemnified party of its rights to indemnification under this Agreement; PROVIDED, HOWEVER, that Damages shall not include consequential or incidental damages (other than consequential or incidental damages that are awarded to third parties under matters covered by the foregoing clause (x) above).

"DEDUCTIBLE AMOUNT" has the meaning ascribed to such term in SECTION 11.2(B).

"DEFENSE NOTICE" has the meaning ascribed to such term in SECTION 11.5(D).

"DISCLOSURE LETTER" has the meaning ascribed to such term in SECTION 6.1(D).

"DOJ" means the United States Department of Justice.

"EFFECTIVE TIME" has the meaning ascribed to such term in SECTION 3.2.

"EMPLOYEE MATTERS AGREEMENT" means that certain Employee Matters Agreement dated as of the date hereof by and among Motorola, the Company and SCI LLC.

"ENVIRONMENTAL LAWS" means applicable federal, state, local or non-U.S. laws or any statute, ordinance, regulation, binding agreement with a Governmental Authority, Company Permit, or order, as the foregoing are enacted, amended, issued, interpreted, or entered into and in effect on the Closing Date, relating to pollution or protection of the environment, natural resources or human health, including laws relating to the Releases of Hazardous Substances.

"ENVIRONMENTAL LIABILITIES" means all obligations and liabilities, whether direct or indirect, known or unknown, and in each case imposed by, under or pursuant to Environmental Laws (including, but not limited to, all such obligations and liabilities related to Remediations, and all fines, penalties, deficiencies, interest, awards, fees, capital costs, disbursements and expenses of counsel, experts, contractors, personnel and consultants) based on, arising out of or otherwise in respect of: (i) the Business; (ii) conditions existing on or under the Real Property or

property or facilities formerly owned or operated by the Business; (iii) the Release of, or exposure to, Hazardous Substances; and (iv) compliance with any and all requirements of Environmental Laws by the Business; PROVIDED, HOWEVER, that the term "Environmental Liabilities" as used in this Agreement shall not include any liabilities or obligations of any Joint Venture, whether direct or indirect, known or unknown, imposed by, under or pursuant to any Environmental Law (including, but not limited to, any such obligations or liabilities related to Remediations, or any fines, penalties, deficiencies, interest, awards, fees, capital costs, disbursements or expenses of counsel, experts, contractors, personnel or consultants).

"EQUIPMENT LEASE AND REPURCHASE AGREEMENT" means the Equipment Lease and Repurchase Agreement to be entered into prior to the Closing Date pursuant to Sections 1.2 and 6.3 of the Interim Manufacturing/Transition Agreement.

"EQUIPMENT PASS DOWN AGREEMENT" means the Equipment Pass Down Agreement to be entered into prior to the Closing Date pursuant to Sections 1.2 and 6.3 of the Interim Manufacturing/Transition Agreement.

"EVALUATION MATERIALS" has the meaning ascribed to such term in SECTION 8.28.

"EXCLUDED ASSETS" has the meaning ascribed to such term in the Reorganization Agreement.

"EXISTING GROUND LEASE" means that certain Ground Lease entered into as of April 30, 1999 by and between Motorola and the Company in connection with the Reorganization.

"EXISTING GROUND LEASE OPEN ISSUES" means the following issues in the Existing Ground Lease that have not been negotiated by Motorola and TPG Holding: (i) in Article 10 relating to any assignments or subleases, the tenant's ability to sublease, (ii) in Section 10.02(a)

relating to any assignment of the Existing Ground Lease, the percentage threshold that triggers the tenant's or assignee's obligation to pay the landlord's additional costs in its cleanup operations, (iii) in Article 21 relating to permitted uses, the issue of expanding the excluded uses based on a future change in environmental law or impact to landlord's clean-up operations, (iv) in Section 22.02 relating to termination rights of the landlord, the landlord's right to advocate termination of the Existing Ground Lease to any bankruptcy court regarding a bankruptcy of the tenant, (v) in Sections 8.03 and 9.03 relating to casualty and condemnation, the allocation of costs if insurance proceeds are not enough for demolition of the buildings or if a condemnation award is not enough for restoration of the buildings and (vi) in Section 10.02(a)(i) relating to any assignment, the issue of the tenant's net worth at closing and adjusting such figure to deal with any inflation over 99 years and the reduction of the landlord's cleanup costs over 99 years.

"EXISTING MOTOROLA NON-U.S. ENTITIES" means the entities listed on EXHIBIT E, but shall not include the Joint Ventures.

"EXISTING SCG ENTITIES" means Motorola, the Company and the Existing Motorola Non-U.S. Entities.

"FINANCIAL INFORMATION" means (i) historical audited and unaudited financial statements (including selected financial data) and pro forma financial statements that comply with either (a) the requirements of Regulation S-X under the rules and regulation of the SEC for financial statements that would be required to be included in a registration statement on Form S-1 in connection with an offering of debt securities by the Company and SCI LLC or (b) such requirements except as the staff of the SEC may permit by waiver of such requirements (in either case (a) or (b), together with customary reports of the Company's independent public accountants); and (ii) financial information that complies with (x) the requirements of Item 303

of Regulation S-K under the rules
and regulations of the SEC that would be required in a registration statement on Form S-1 in connection with an offering of debt securities by the Company and SCI LLC or (y) such requirements except as the staff of the SEC may permit by waiver of such requirements.

"FINANCIAL STATEMENTS" has the meaning ascribed to such term in SECTION 6.1(A).

"FINANCING" has the meaning ascribed to such term in SECTION 9.7.

"FOREIGN ENTITIES" means subsidiaries of the Company that are organized outside of the United States and are 100% owned, directly or indirectly, by the Company as of the Closing, and the Company's direct or indirect interests in joint ventures (including the Joint Ventures and the Amicus Realty Corporation).

"FTC" means the United States Federal Trade Commission.

"GOVERNMENTAL AUTHORITY" means the government of Canada, China, the Czech Republic, France, Germany, India, Israel, Italy, Japan, the Republic of Korea, Malaysia, Mexico, the Netherlands, the Philippines, Singapore, Slovakia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom, the United States, or any other country or any state, province, municipality or other political subdivision of any of the foregoing, or any court, tribunal, agency, department, board or commission (including regulatory and administrative bodies) of any of the foregoing.

"HAZARDOUS SUBSTANCES" means any pollutants, contaminants, hazardous or toxic substances or wastes, friable asbestos, petroleum or any fraction or derivative thereof, radioactive materials or any other element, compound, mixture, solution or substance that is classified or regulated under any Environmental Law.

"H-S-R ACT" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"INDEBTEDNESS" of any Person means each and every obligation of such Person which is either (i) an obligation for borrowed money; (ii) an obligation evidenced by notes, bonds, debentures or similar instruments; (iii) an obligation for the deferred purchase price of goods or services (other than trade payables or similar accruals incurred in the ordinary course of business consistent with past practice); (iv) an obligation under capital leases; (v) an obligation pursuant to a lease-purchase or conditional sale; (vi) an obligation in the nature of guarantees of any of the obligations described in clauses (i) through (v) above of any Person, keepwell agreements or similar obligations; or (vii) payment obligations in connection with self-insurance, performance bonds, 9surety bonds, customs bonds, letters of credit issued in support of ongoing operating expenses or similar obligations incurred in the ordinary course of business consistent with past practice.

"INDEMNITEE" has the meaning ascribed to such term in SECTION 11.5(A).

"INDEMNITOR" has the meaning ascribed to such term in SECTION 11.5(A).

"INITIAL TRANSFER CLOSING DATE" has the meaning ascribed to such term in the Reorganization Agreement.

"INTERIM MANUFACTURING/TRANSITION AGREEMENT" shall mean that certain Interim Manufacturing/Transition Agreement entered into as of the date hereof by and between Motorola and TPG Holding pursuant to which it is contemplated that the Transition Services Agreement, Equipment Pass Down Agreement, SCG Foundry Agreement, SCG Assembly Agreement, Motorola Foundry Agreement, Motorola Assembly Agreement, SCG Master Lease Agreement, Motorola Facilities Lease Agreement and Equipment Lease and Repurchase Agreement will be entered into on the Closing Date.

"IRS" means the United States Internal Revenue Service.

"JOINT VENTURES" means the SMP Joint Venture, the Leshan JV, SEI, Terosil and Tesla.

"LIABILITY" and "LIABILITIES" mean any and all Indebtedness, obligations and other liabilities of a Person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due).

"LESHAN JV" means Leshan Phoenix Semiconductor Company Ltd., a company organized under the laws of the People's Republic of China.

"LIEN" means any lien (statutory or other), mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, easement, reservation, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property.

"MADSP" has the meaning ascribed to such term in SECTION 10.9.

"MATERIAL ADVERSE EFFECT" means any effect (or series of related effects) which has, or is reasonably likely to have, a material adverse effect on or in the assets, financial condition, business, properties, or results of operations of the Business and the Joint Ventures, taken as a whole.

"MATERIAL CONTRACTS" has the meaning ascribed to such term in SECTION 8.22.

"MAXIMUM AMOUNT" has the meaning ascribed to such term in SECTION 11.2(B).

"MERGER" has the meaning ascribed to such term in Paragraph L to the Recitals.

"MOTOROLA" has the meaning ascribed to such term in the introductory paragraph of this Agreement.

"MOTOROLA ASSEMBLY AGREEMENT" means the Motorola Assembly Agreement to be entered into prior to the Closing Date pursuant to Sections 1.2 and 6.3 of the Interim Manufacturing/Transition Agreement.

"MOTOROLA BONDS" has the meaning ascribed to such term in SECTION 7.5(A).

"MOTOROLA FACILITIES LEASE" means the Motorola Facilities Lease Agreement to be entered into prior to the Closing Date between SCI LLC and Motorola pursuant to Sections 1.2 and 6.3 of the Interim Manufacturing/Transition Agreement.

"MOTOROLA FOUNDRY AGREEMENT" means the Motorola Foundry Agreement to be entered into prior to the Closing Date pursuant to Sections 1.2 and 6.3 of the Interim Manufacturing/Transition Agreement.

"MOTOROLA PARTIES" has the meaning ascribed to such term in SECTION 7.5(a).

"MOTOROLA SUBSIDIARY" means the Company, any Existing Motorola Non-U.S. Entities and any SCG Post-Closing Entity.

"MOTOROLA TERMINATION FEE" has the meaning ascribed to such term in SECTION 14.2(B).

"MOTOROLA TRANSFERORS" means the entities listed on EXHIBIT F.

"MOTOROLA'S KNOWLEDGE" means the actual knowledge of the individuals identified in the Disclosure Letter, in each case after reasonable investigation.

"NON-ASSUMED TAX LIABILITIES" means those liabilities for taxes for which Motorola is required to indemnify any of the Tax Indemnitees pursuant to SECTION 3.8 and ARTICLE X of this Agreement.

"NON-DISCLOSURE AGREEMENT" has the meaning ascribed to such term in SECTION 16.4.

"PERMITTED LIENS" means (i) the Liens set forth in the Disclosure Letter and (ii) imperfections in title not material in extent or amount and which, individually or in the aggregate, do not materially interfere with the conduct of the Business in general or at any Principal Location or with the use of the Purchased Assets at a Principal Location and do not materially affect the value of the Business or the Purchased Assets (including the Joint Ventures).

"PERSON" means and includes any individual, corporation, limited liability company, partnership, firm, association, joint venture, joint stock company, trust or other entity, or any government or regulatory administrative or political subdivision or agency, department or instrumentality thereof.

"PLACEMENT AGENT" has the meaning ascribed to such term in paragraph H of the Recitals.

"PRE-CLOSING ENVIRONMENTAL LIABILITIES" means all Environmental Liabilities arising under Environmental Laws and which arise from or relate to either: (i) the release of Hazardous Substances into the environment prior to the Closing Date; or (ii) the conduct of any Motorola Transferor or the operation of the Business prior to the Closing Date.

"PRINCIPAL LOCATIONS" means the United States, Mexico, Philippines, Malaysia (exclusive of the SMP Joint Venture), Japan and France.

"PROPOSAL" has the meaning ascribed to such term in SECTION 7.3.

"PROPRIETARY INFORMATION" has the meaning ascribed to such term in SECTION 15.1.

"PURCHASE PRICE ALLOCATION" has the meaning ascribed to such term in SECTION 10.9.

"PURCHASED ASSETS" has the meaning ascribed to such term in the Reorganization Agreement.

"REAL PROPERTY" has the meaning ascribed to such term in SECTION 8.14.

"REASONABLE EFFORTS" means the obligated party is required to make a diligent, reasonable and good faith effort to accomplish the applicable objective. Such obligation, however, does not require any expenditure of funds or the incurrence of any liability on the part of the obligated party, nor the incurrence of any expenditure or liability, in either case which is unreasonable in light of the related objective, nor does it require that the obligated party act in a manner which would otherwise be contrary to prudent business judgment in light of the objective attempted to be achieved. The fact that the objective is not actually accomplished is not dispositive evidence that the obligated party did not in fact utilize its Reasonable Efforts in attempting to accomplish the objective.

"REDEMPTION" has the meaning ascribed to such term in Paragraph M of the Recitals.

"REDEMPTION CASH CONSIDERATION" has the meaning ascribed to such term in SECTION 3.7(B).

"REDEMPTION CASH PAYMENT" has the meaning ascribed to such term in SECTION 3.7(b).

"RELEASE" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, dumping, discharge, dispersal, leaching, escaping, emanation or migration in, into or onto the environment of any kind whatsoever, including without limitation the movement of any Hazardous Substance through or in the environment.

"REMAINING CODY CASH EXPENDITURE AMOUNT" means the aggregate amount of cash expenditures that must be expended in order to complete the Cody Restructuring as of the Closing Date as determined in accordance with the procedure set forth on EXHIBIT K (it being understood that the parties hereto have agreed that the amount of cash expenditures that must be expended in order to complete the Cody Restructuring as of April 30, 1999 is $42.4 million, and the Remaining Cody Cash Expenditure Amount will not exceed such amount).

"REMEDIATION" means any investigation, assessment, testing, monitoring, containment, removal, remediation, response, cleanup or abatement of any release or threatened release necessary to comply with any Environmental Law.

"REMEDIATION STANDARDS" means the least stringent standards for performing a Remediation that are required under applicable Environmental Law (including but not limited to health and safety requirements applicable to the Remediation at the time the Remediation was conducted) or, if more stringent standards are actually required by the applicable Governmental Authority, such standards.

"REORGANIZATION AGREEMENT" means the Reorganization Agreement of even date herewith between Motorola and the Company, as amended or modified after the date hereof in accordance with the terms thereof.

"REQUIRED CONSENTS AND APPROVALS" has the meaning ascribed to such term in SECTION 5.2(A)(VII).

"RESPONSE PERIOD" has the meaning ascribed to such term in SECTION 11.5(A).

"RETAINED LIABILITIES" has the meaning ascribed to such term in the Reorganization Agreement, with each item referenced in such definition being determined as of the Closing instead of the date of assumption pursuant to the Reorganization Agreement.

"SCG ASSEMBLY AGREEMENT" means the SCG Assembly Agreement to be entered into prior to the Closing Date pursuant to Sections 1.2 and 6.3 of the Interim Manufacturing/Transition Agreement.

"SCG FOUNDRY AGREEMENT" means the SCG Foundry Agreement to be entered into prior to the Closing Date pursuant to Sections 1.2 and 6.3 of the Interim Manufacturing/Transition Agreement.

"SCG MASTER LEASE" means the SCG Master Lease Agreement to be entered into prior to the Closing Date between SCI LLC and Motorola pursuant to Sections 1.2 and 6.3 of the Interim Manufacturing/Transition Agreement.

"SCG PARTY" means the Company and the SCG Post-Closing Entities, individually or collectively, as the context requires.

"SCG POST-CLOSING ENTITY" means the entities listed on EXHIBIT G hereto, but shall not include the Joint Ventures.

"SCI LLC JUNIOR NOTES" shall mean those certain 10% Junior Subordinated Notes due 2011 to be issued by SCI LLC on the Closing Date to the Company in connection with the consummation of the Company/SCI Asset Transfer, it being understood that the SCI LLC Junior Notes shall contain those terms set forth on EXHIBIT H attached hereto and such other terms as shall be agreed to by Motorola and TPG Holding prior to the Closing Date.

"SEC" means the United States Securities and Exchange Commission.

"SEI" means Slovakia Electronics Industries, a.s., a company organized under the laws of Slovakia.

"SECURITIES ACT" means the Securities Act of 1933, as amended, and any rules and regulations thereunder, as promulgated from time to time.

"SENIOR SECURED LENDER" has the meaning ascribed to such term in paragraph G of the Recitals.

"SENIOR SECURED LOAN" has the meaning ascribed to such term in paragraph G of the Recitals.

"SENIOR SECURED LOAN AGREEMENT" has the meaning ascribed to such term in paragraph G of the Recitals.

"SIGNIFICANT PROPERTY" means the properties listed on EXHIBIT I hereto.

"SMP JOINT VENTURE" means Semiconductor Miniature Products (M) Sendirian Berhad, a company organized under the laws of Malaysia.

"STOCK PURCHASE PRICE" has the meaning ascribed to such term in SECTION 4.1(b).

"STOCKHOLDERS AGREEMENT" has the meaning ascribed to such term in SECTION 12.5.

"STRADDLE PERIOD" means any Tax period beginning before and ending after the Closing Date.

"SUBORDINATED NOTES" has the meaning ascribed to such term in paragraph H of the Recitals.

"SUBORDINATED NOTES SUBSCRIPTION AGREEMENT" has the meaning ascribed to such term in paragraph H of the Recitals.

"SUBSIDIARY" means any Person with respect to which a specified Person (or a subsidiary thereof) owns a majority of the common stock (or similar voting securities) or has the power to vote or direct the voting of sufficient securities to elect a majority of the directors or individuals exercising similar functions.

"SURVIVING CORPORATION" has the meaning ascribed to such term in SECTION 3.1.

"SURVIVING CORPORATION PREFERRED STOCK" shall mean the 12% Cumulative Preferred Stock, par value $0.01 per share, of the Surviving Corporation, to be issued by the Surviving Corporation at the Closing Date, the terms of which are set forth on EXHIBIT J attached hereto together with such rights, preferences, designations, qualifications, limitations and restrictions to be contained in a certificate of designation to be agreed upon between Motorola and TPG Holding prior to the Closing Date.

"SURVIVING CORPORATION STOCK" shall mean the common stock, par value $0.01 per share, of the Surviving Corporation.

"TAX CLAIM" has the meaning ascribed to such term in SECTION 10.4.

"TAX INDEMNITEE" has the meaning ascribed to such term SECTION 3.8.

"TAX RETURN" means a report, return or other information (including any amendments) required to be supplied to a governmental entity with respect to Taxes.

"TAXES" means all taxes, however denominated, including any interest, additions to tax or penalties that may become payable in respect thereof, imposed by any federal, state, local or non-U.S. government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income taxes (including, but not limited to, U.S. federal income taxes and state income Taxes), payroll and employee withholding taxes, unemployment insurance, social security, severance, sales and use taxes, excise taxes, customs, environmental, license, franchise taxes, gross receipts taxes, occupation taxes, real and personal property taxes, capital taxes, stamp taxes, transfer taxes, ad valorem taxes, withholding taxes, workers' compensation, estimated, alternative or add-on minimum taxes, and other obligations of the same or of a similar nature.

"TEROSIL" means Terosil a.s., a company organized under the laws of the Czech Republic.

"TESLA" means Tesla Sezam a.s., a company organized under the laws of the Czech Republic.

"TPG ACQUISITION" has the meaning ascribed to such term in the introductory paragraph of this Agreement.

"TPG ACQUISITION STOCK" has the meaning ascribed to such term in Paragraph D of the Recitals.

"TPG FINANCING COMMITMENTS" has the meaning ascribed to such term in SECTION 6.2.

"TPG HOLDING" has the meaning ascribed to such term in the introductory paragraph of this Agreement.

"TPG STOCK PURCHASE" has the meaning ascribed to such term in SECTION 4.1.

"TPG TEAM" means David M. Stanton, Justin T. Chang, Dipanjan Deb and Gregory K. Mondre.

"TPG TERMINATION FEE" has the meaning ascribed to such term in SECTION 14.2(a).

"TRANSFER TAXES" has the meaning ascribed to such term in SECTION 3.8.

"TRANSITION SERVICES AGREEMENT" shall mean that certain Transition Services Agreement which is to be entered into on the Closing Date, the form of which is attached as Exhibit B to the Interim Manufacturing/Transition Agreement, and pursuant to such Transition Services Agreement, IT Services, Human Resource Services, Supply Management Services, Logistics Services and Finance Services shall be provided in accordance with the term sheets specified for such services attached thereto.

"U.S. OPERATIONS" has the meaning ascribed to such term in SECTION 2.1.

"VOLUNTARY PARTICIPATION" has the meaning ascribed to such term in SECTION 11.5(f).

"WORKING CAPITAL AMOUNT" shall mean $136,500,000.

"YEAR 2000 PLAN" has the meaning ascribed to such term in SECTION 8.18.

1.3 INTERPRETATION. Unless the context otherwise requires, (a) words of any gender shall be deemed to include each other gender, (b) words using the singular or plural number shall also include the plural or singular number, respectively, and (c) references to "hereof", "herein", "hereby" and similar terms shall refer to this entire Agreement.

Article II

THE REORGANIZATION

2.1 REORGANIZATION AGREEMENT. Motorola has heretofore operated the business of its Semiconductor Components Group through (a) certain operations, assets, and properties located in the United States (the "U.S. OPERATIONS"), (b) the Existing Motorola Non-U.S. Entities and (c) the Joint Ventures. Prior to the execution of this Agreement, Motorola and the Company have entered into the Reorganization Agreement pursuant to which (i) Motorola has transferred and conveyed certain portions of the U.S. Operations and the shares or other interests of Motorola in certain of the Joint Ventures to the Company or Subsidiaries of the Company; (ii) the remainder of the U.S. Operations and the interests of Motorola in certain Joint Ventures will be transferred to the Company (or Subsidiaries of the Company) and (iii) the Existing Motorola Non-U.S. Entities are being reorganized as set forth in the Reorganization Agreement. Upon consummation of all of the transactions contemplated under the

Reorganization Agreement, the business of Motorola's Semiconductor Components Group shall be owned and conducted by the Company, the SCG Post-Closing Entities and the Joint Ventures.

ARTICLE III

THE RECAPITALIZATION, MERGER AND REDEMPTION

3.1 THE MERGER. At the Effective Time, and subject to and upon the terms and conditions of this Agreement, TPG Acquisition shall be merged with and into the Company, the separate corporate existence of TPG Acquisition shall cease, and the Company shall continue as the Surviving Corporation. The Company, as the surviving corporation after the Merger, is hereinafter sometimes referred to as the "SURVIVING CORPORATION."

3.2 EFFECTIVE TIME. As promptly as practicable after the satisfaction or waiver of the conditions set forth in ARTICLES XII and XIII, the parties shall cause the Merger to be consummated by the filing of a Certificate of Merger as contemplated by the Business Act (the "CERTIFICATE OF MERGER"), together with any required related certificates, with the Secretary of State of the State of Delaware in such form as required by, and executed in accordance with, the relevant provisions of the Business Act (the time of such filing being the "EFFECTIVE TIME").

3.3 EFFECT OF THE MERGER. At the Effective Time, the effect of the Merger shall be as provided in this Agreement, the Certificate of Merger and the applicable provisions of the Business Act. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all of the property, rights, privileges, powers and franchises of the Company and TPG Acquisition shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and TPG Acquisition shall become the debts, liabilities and duties of the Surviving Corporation.

3.4 CERTIFICATE OF INCORPORATION; BY-LAWS.

(a) At the Effective Time, the Certificate of Incorporation of the Company shall be amended and restated in their entirety to read substantially as set forth in EXHIBIT L.

(b) At the Effective Time, the By-Laws of the Company shall be amended and restated in their entirety to read substantially as set forth in EXHIBIT M.

3.5 DIRECTORS AND OFFICERS. At the Effective Time, the directors of the Company shall be individuals designated by TPG Holding, each to hold office in accordance with the Certificate of Incorporation and By-Laws of the Surviving Corporation, and the officers of the Company shall be individuals designated by TPG Holding, in each case until their respective successors are duly elected or appointed and qualified.

3.6 CONVERSION OF COMPANY STOCK.

(a) Each share of the Company Stock shall be converted into 3,000 shares of Surviving Corporation Stock (after which (a) TPG Holding shall hold 90,000 shares of Surviving Corporation Stock and (b) Motorola shall hold 210,000 shares of Surviving Corporation Stock).

(b) All shares of Company Stock that are held by the Company as treasury stock or that are held by any other Person other than Motorola and TPG Holding shall be cancelled and retired and cease to exist at the Effective Time.

(c) Certificates representing Surviving Corporation Stock issued at the Closing shall bear a legend in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR UNDER STATE SECURITIES LAWS.

THESE SECURITIES MAY NOT BE RESOLD OR TRANSFERRED UNLESS REGISTERED OR EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS. IN ADDITION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS OF A STOCKHOLDERS' AGREEMENT DATED AS OF _____, 1999 AND MAY NOT BE VOTED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH SUCH AGREEMENT.

(d) The TPG Acquisition Stock shall be converted into Surviving Corporation Preferred Stock having an original liquidation preference of $150.0 million.

(e) At the Effective Time, SCI LLC shall (at the option of TPG Holding) purchase or fund, through capital contributions or intercompany loans, directly or indirectly to the Subsidiaries of SCI LLC that are obligators thereunder, the amount in U.S. dollars required (i) to pay in full, (ii) to repurchase in full or (iii) to repurchase in part and to pay the remaining amount in full, the Company Notes at the Effective Time (such amount, the "COMPANY NOTES AMOUNT"). The Company Notes Amount shall be used by SCI LLC or such Subsidiaries concurrently with such funding to pay in full, repurchase in full or repurchase in part and pay the remaining amount in full from the holders thereof (at TPG Holding's option) each of the Company Notes.

3.7 THE REDEMPTION. (a) At the Closing, Motorola shall cause the Surviving Corporation to effect the Redemption, pursuant to which the Surviving Corporation shall redeem from Motorola 200,000 shares of Surviving Corporation Stock (after which Motorola shall hold 10,000 shares of Surviving Corporation Stock) in exchange for:

(i) the SCI LLC Junior Notes in the principal amount of $91.0 million:

(ii) Surviving Corporation Preferred Stock having an original liquidation preference of $59.0 million; and

(iii) the Redemption Cash Consideration (directly or indirectly through payment and/or purchase of the Company Notes).

(b) For the purposes of this Agreement, (i) "REDEMPTION CASH PAYMENT" shall mean the Redemption Cash Consideration MINUS the Company Notes Amount, and (ii) "REDEMPTION CASH CONSIDERATION" shall mean $1,125,000,000 PLUS the Capital Expenditure Surplus, if any, minus the sum of (A) the Working Capital Amount, (B) the Remaining Cody Cash Expenditure Amount and (C) the Capital Expenditure Deficit, if any.

(c) The parties hereto agree that, on a date which is no earlier than the third Business Day prior to the Closing Date, Motorola shall deliver to TPG Acquisition (i) an officer's certificate (the "CODY CERTIFICATE") under which an officer shall certify as to the Remaining Cody Cash Expenditure Amount, if any, as of the Closing Date and (ii) an officer's certificate (the "CAPITAL EXPENDITURE CERTIFICATE") under which such officer shall certify as to the Capital Expenditure Surplus or the Capital Expenditure Deficit, if any, as of the Closing Date. The amounts set forth on the Cody Certificate which are certified by such officer executing such certificate as the Remaining Cody Cash Expenditure Amount shall be determined in accordance with the processes set forth in EXHIBIT K. With respect to the Capital Expenditure Certificate, the amount of cash actually expended to fund or in respect of capital maintenance and capital expenditures of or with respect to the Business for the period commencing on January 1, 1999 and ending on the Closing Date shall be determined based on the capital expenditure account maintained for the Semiconductor Components Group of Motorola's Semiconductor Products Sector.

(d) The amounts set forth on the Cody Certificate and the Capital Expenditure Certificate as the Remaining Cody Cash Expenditure Amount and the Capital Expenditure Deficit or Capital Expenditure Surplus, as applicable, shall be subject to adjustment pursuant to the procedures set forth in SECTION 3.7(e) (it being understood that EXHIBIT K hereto and clause (a) of the definition of Capital Expenditure Deficit and clause (b) of the definition of the Capital Expenditure Surplus are not subject to adjustment or dispute).

(e) In the event that TPG Holding disputes the Remaining Cody Cash Expenditure Amount or the Capital Expenditure Deficit or Capital Expenditure Surplus, as applicable, as set forth in the Cody Certificate and the Capital Expenditure Certificate, respectively, (it being understood that under no circumstances shall EXHIBIT K hereto, clause (a) of the definition of Capital Expenditure Deficit and clause (b) of the definition of the Capital Expenditure Surplus be the subject of any dispute), TPG Holding shall, no later than 30 days after the Closing Date, describe to Motorola in reasonable written detail the basis for such dispute, and TPG Holding and Motorola shall promptly negotiate in good faith to resolve such dispute. If TPG Holding fails to deliver such a notice of dispute within such 30-day period, TPG Holding shall be deemed to have accepted as final such Cody Certificate or Capital Expenditure Certificate, as applicable, delivered by Motorola and Motorola's determination of the Remaining Cody Cash Expenditure Amount, the Capital Expenditure Deficit or Capital Expenditure Surplus, as applicable, as set forth therein. If TPG Holding delivers to Motorola a notice of dispute and if such dispute is not resolved within 30 days after TPG Holding shall have notified Motorola of its basis for such dispute, then the specific matters in dispute shall be submitted to a nationally recognized independent accounting firm (other than KPMG LLP or

PricewaterhouseCoopers LLP) mutually acceptable to Motorola and TPG Holding. Such firm shall resolve such dispute on the basis of the following principles:

(i) With respect to any disputes relating to Remaining Cody Cash Expenditure Amount, TPG Holding shall only be permitted to dispute the numerical calculation of those Cody programs which are not Closed Cody Programs

(ii) With respect to any dispute regarding the Capital Expenditure Deficit or the Capital Expenditure Surplus, TPG Holding shall be permitted to dispute the determination of the amounts set forth in clause (b) of the definition of Capital Expenditure Deficit and clause (a) of the definition of the Capital Expenditure Surplus, as applicable, based on a review of the capital expenditure account established for the Semiconductor Components Group of Motorola's Semiconductor Products Sector.

Such accounting firm shall be requested to provide its resolution of the matters in dispute within 30 days of the submission thereof to such firm, and the determination of such accounting firm in respect of each of the matters in dispute shall be conclusive and binding on TPG Holding and Motorola save for manifest error. The determination of such firm, whose fees and expenses shall be borne equally by the party which does not prevail in the dispute, shall be final and determinative. Payment of the amount of any adjustment to the Redemption Cash Consideration as a result of this SECTION 3.7(d) shall be made by wire transfer of immediately available funds to the prevailing party within two Business Days of the final determination thereof.

3.8 SALES AND TRANSFER TAXES. Motorola shall be responsible for and pay, and shall indemnify and hold TPG, the Company, SCI LLC and the Foreign Entities (each, a "TAX INDEMNITEE") harmless from the first $10.0 million of all real property, personal property or other

transfer Taxes, or any sales, stamp, purchase, use, value-added, excise or similar Taxes imposed by any Governmental Authority under the laws of the United States or any foreign country, or any state or political subdivision thereof, on Motorola or any of its Affiliates or any Tax Indemnitee in connection with the transfers contemplated by the Reorganization Agreement (all such Taxes, "TRANSFER TAXES"), it being understood that any franchise, income or capital gains tax or any similar tax shall not be treated as a Transfer Tax and shall be subject to indemnification pursuant to ARTICLE X. In the event that the aggregate amount of Transfer Taxes exceeds $10.0 million, such Transfer Taxes that will not give rise to a credit or remittance shall be allocated to Motorola (but not exceeding $10.0 million) before any Transfer Taxes that will give rise to a credit or remittance (e.g., value added taxes) are allocated to Motorola. Motorola shall be entitled to any refunds or credits (including any interest paid or credited with respect thereto) in respect of any liability for any such Transfer Taxes allocated to Motorola pursuant to this SECTION 3.8, but any such refund or credit shall reduce the amount of Transfer Taxes deemed paid by Motorola for purposes of applying the $10.0 million cap. The Company shall be responsible for and pay (or cause an SCG Post-Closing Entity to pay), and shall indemnify and hold Motorola harmless from, any Transfer Taxes in excess of $10.0 million. The Company shall be entitled to any refunds or credits (including any interest paid or credited with respect thereto) in respect of any liability for such Transfer Taxes allocated to the Company pursuant to this SECTION 3.8. Each party shall cause any refunds or credits which it or one of its Affiliates receives and to which the other party is entitled under this SECTION 3.8 to be paid to the entitled party in immediately available funds promptly after receipt (or within ten days after the application of the amount of the credit or refund against any other liability of the party not so entitled).

ARTICLE IV

RELATED TRANSACTIONS

4.1 RELATED TRANSACTIONS. Upon the terms and subject to the conditions of this Agreement, the Company, the SCG Post-Closing Entities and other parties referred to herein shall, also at the Closing, enter into the following transactions and take the following actions immediately prior to the Merger:

(a) the Company and SCI LLC shall consummate the Company/SCI Asset Transfer pursuant to which the Company shall receive SCI LLC Junior Notes in the aggregate principal amount of $91.0 million;

(b) TPG Holding shall purchase from Motorola 30 shares of the issued and outstanding Company Stock (the "TPG STOCK PURCHASE") for a purchase price of $307.5 million (the "STOCK PURCHASE PRICE");

(c) SCI LLC and certain SCG Parties shall enter into the Senior Secured Loan Agreement and in consideration thereof, the Senior Lenders shall pay to SCI LLC by wire transfer in immediately available funds to an account designated by SCI LLC prior to the Closing, the net proceeds from the Senior Secured Loan;

(d) pursuant to the terms of the Subordinated Notes Subscription Agreement, SCI LLC shall issue the Subordinated Notes in an aggregate principal amount of $400.0 million which shall be privately placed by the Placement Agent pursuant to Rule 144A of the Securities Act, and in consideration thereof, the Placement Agent shall pay to SCI LLC, by wire transfer in immediately available federal funds to an account designated by SCI LLC prior to the Closing, the net proceeds from the sale of the Subordinated Notes;

(e) upon receipt of written instructions from TPG Holding, SCI LLC, in lieu of the placement of the Subordinated Notes, shall enter into the Bridge Financing Agreement, and the Bridge Lenders shall pay to SCI LLC, by wire transfer in immediately available funds to an account designated by SCI LLC prior to the Closing, the net proceeds from the Bridge Loan;

(f) SCI LLC shall, and the Company shall cause SCI LLC to, distribute to the Company the Redemption Cash Payment; and

(g) SCI LLC shall cause each of the Company Notes to be prepaid or, to the extent any such Company Note is not prepaid, shall purchase such Company Note or cause an SCG Post-Closing Entity to purchase such Company Note.

4.2 TRANSACTION STRUCTURE. (a) The structure for the transactions contemplated by the Reorganization Agreement and this Agreement may be modified as reasonably requested in writing by TPG Holding and as agreed in writing by Motorola (which agreement shall not be unreasonably withheld); PROVIDED, HOWEVER, that if Motorola reasonably determines and so informs TPG Holding in writing that such a modification would (i) adversely alter in any respect the nature or amount of consideration to be received by Motorola pursuant to the transactions under the Reorganization Agreement and this Agreement; (ii) adversely alter the tax consequences to Motorola in connection with the transactions under the Reorganization Agreement and this Agreement, unless reimbursed by the Company; (iii) otherwise impose upon Motorola any cost, fee, expense, liability or other obligation not reimbursed to Motorola by the Company (including the allocated cost of internal resources); (iv) otherwise adversely affect the rights or obligations of Motorola arising under the Reorganization Agreement, the Collateral Agreements or hereunder; (v) result in any action that would interfere with the activities being

performed by Motorola in connection with the cloning, as contemplated by the Transition Services Agreement, or its own business operations; or (vi) result in any action that would adversely affect Motorola's ability to perform its obligations under the Transition Services Agreement (including but not limited to incremental efforts or expense required by Motorola to meet its obligations under the Transition Services Agreement), then Motorola shall not be required to make such modification.

(b) Without limiting the provisions of SECTION 4.2(a), TPG has requested that the holding company to be formed in the Netherlands ("Dutchco") also hold the branches in Israel, Spain and Switzerland. The provisons of the proviso contained in SECTION 4.2(a) shall apply to the determination by Motorola as to the requested structure modification associated with holding the branches through Dutchco. In addition, in connection with the use of Dutchco, the parties hereto agree as follows: (i) any fees, costs and expenses (including the allocated cost of internal resources) shall be paid by the Company (or reimbursed by Motorola, as the case may be); and (ii) the Company shall have full responsibility (cost and execution) for any reporting (year-end or otherwise) with respect to Dutchco.

ARTICLE V

THE CLOSING

5.1 CLOSING AND CLOSING DATE. Subject to the provisions of SECTION 14.1, the closing (herein sometimes referred to as the "CLOSING") of the transactions provided for in this Agreement shall take place at the offices of Winston & Strawn, 35 West Wacker Drive, Chicago, Illinois 60601, at 9:00 a.m. Chicago time as soon as practicable after the satisfaction or waiver of the conditions precedent set forth in ARTICLES XII and XIII; or at such other place, at such other time, or on such other date as Motorola and TPG Acquisition may mutually agree for the Closing

to take place (the date on which the Closing is to take place being herein sometimes referred to as the "CLOSING DATE"). The Effective Date (as defined in the Reorganization Agreement) shall be the Closing Date.

5.2 CLOSING DELIVERIES.

(a) At the Closing on the Closing Date, Motorola and the Company shall deliver to TPG Acquisition and TPG Holding the following:

(i) certificates of compliance or certificates of good standing of each Motorola Subsidiary, as of the most recent practicable date, from the appropriate Governmental Authority of the jurisdiction of its incorporation or organization, if applicable;

(ii) certificates representing all of the capital stock of each of the SCG Post-Closing Entities, if applicable, PROVIDED, that such shares may be delivered in the home jurisdiction to the extent required by applicable law;

(iii) certified copies of resolutions of (A) the Board of Directors of Motorola and (B) the Board of Directors and stockholders of the Company, in each case approving the transactions set forth in this Agreement;

(iv) certificates of incumbency for the officers of Motorola and the Company;

(v) the "bring down" certificates required to be delivered pursuant to SECTION 12.2;

(vi) a complete set of all documents in connection with the consummation of the transactions contemplated by the Reorganization Agreement;

(vii) the consents and approvals from the Governmental Authorities and other Persons which are set forth in the Disclosure Letter ("REQUIRED CONSENTS AND APPROVALS");

(viii) Opinions of independent counsel to Motorola and the Company reasonably satisfactory in both form and substance to TPG Holding and TPG Acquisition and their counsel;

(ix) the Cody Certificate;

(x) the Capital Expenditure Certificate;

(xi) a certificate that, as of the Closing Date, Motorola is not a foreign person, as defined in Treasury Regulations section 1.1445-2(b)(2)(i), such certification to be in form similar to that described in section 1.1445-2(b)(2)(iii)(B) of that regulation or otherwise meeting the requirements of section 1.1445-2(b)(2) of that regulation;

(xii) the resignations of all directors of the Company, all directors of each SCG Post-Closing Entity and all designees of Motorola to the boards of directors (or similar governing bodies) of each Joint Venture to the extent requested by TPG Acquisition;

(xiii) the Amended and Restated IP Agreement executed by each of Motorola and SCI LLC; and

(xiv) such other instruments, documents and certificates as TPG Acquisition or its counsel may reasonably request to implement the transactions contemplated hereby.

(b) At the Closing on the Closing Date, TPG Acquisition and TPG Holding shall deliver to Motorola (or cause to be delivered) the following:

(i) certificates of compliance or certificates of good standing of TPG Acquisition and TPG Holding as of the most recent practicable date, from the appropriate Governmental Authority of their jurisdiction of incorporation;

(ii) certified copies of resolutions of the members, Board of Directors and stockholders, as applicable, of TPG Acquisition and TPG Holding approving the transactions set forth in this Agreement;

(iii) certificates of incumbency for the officers of TPG Acquisition and TPG Holding;

(iv) the opinion of counsel for TPG Acquisition and TPG Holding reasonably satisfactory in both form and substance to Motorola and the Company and their counsel;

(v) the "bring down" certificate required to be delivered pursuant to SECTION 12.2;

(vi) the payment of the Stock Purchase Price by wire transfer in immediately available funds; and

(vii) such other instruments, documents and certificates as Motorola or its counsel may reasonably request to implement the transactions contemplated hereby.

(c) At the Closing on the Closing Date, upon consummation of the Merger, the following shall occur:

(i) the separate existence of TPG Acquisition shall cease;

(ii) the Company shall continue as the Surviving Corporation;

(iii) each share of the Company Stock shall be converted into 3,000 shares of Surviving Corporation Stock (after which (a) TPG Holding shall hold 90,000 shares of Surviving Corporation Stock and (b) Motorola shall hold 210,000 shares of Surviving Corporation Stock); and

(iv) the TPG Acquisition Stock shall be converted into Surviving Corporation Preferred Stock having an original liquidation preference of $150.0 million.

(d) At the Closing on the Closing Date, upon consummation of the Redemption, Motorola shall cause the Surviving Corporation to redeem from Motorola 200,000 shares of Surviving Corporation Stock (after which Motorola shall hold 10,000 shares of Surviving Corporation Stock) in exchange for:

(i) the SCI LLC Junior Notes in the principal amount of $91.0 million;

(ii) Surviving Corporation Preferred Stock having an original liquidation preference of $59.0 million; and

(iii) the Redemption Cash Consideration (directly or indirectly through payment and/or purchase of the Company Notes).

(e) At the Closing on the Closing Date, upon consummation of the Merger and the Redemption, SCI LLC shall (as determined by TPG Holding) fund, through direct or indirect capital contributions or intercompany loans to the issuer of the Company Notes, or other subsidiaries of the Company, or shall set aside (as determined by TPG Holding), an amount in cash equal to the Company Notes Amount. Such cash amount shall be used to pay

and/or repurchase (as determined by TPG Holding) each of the Company Notes immediately upon receipt hereof.

(f) Payment of cash required by SECTIONS 5.2(c) AND 5.2(b)(vi) shall be paid by wire transfer of immediately available funds to an account designated by Motorola prior to the Closing.

ARTICLE VI

PRE-CLOSING DELIVERIES AND FILINGS

6.1 COMPANY DELIVERIES. Prior to the date hereof, Motorola has delivered to TPG Holding:

(a) the audited combined balance sheets of the Business as of December 31, 1998 and the accompanying audited combined statements of revenues less direct and allocated expenses before taxes for the year then ended, together with the report thereon of KPMG Peat Marwick LLP and the unaudited combined balance sheets of the Business as of March 31, 1999 and the accompanying unaudited combined statements of revenues less direct and allocated expenses before taxes for the quarter then ended (collectively, the "FINANCIAL STATEMENTS"). The audited combined balance sheet of the Business as of December 31, 1998 is hereinafter referred to as the "BALANCE SHEET," and December 31, 1998 is hereinafter referred to as the "BALANCE SHEET DATE";

(b) a true and correct copy of the Certificate of Incorporation (or comparable document) of the Company and each SCG Post-Closing Entity which exists as of the date hereof, including all amendments thereto, certified by an appropriate Governmental Authority;

(c) a true and correct copy of the By-Laws (or comparable documents) of the Company and each SCG Post-Closing Entity which exists as of the date hereof certified by the Secretary of each such entity; and

(d) a disclosure letter of even date herewith addressed to TPG and TPG Holding, signed by Motorola and accompanied or preceded by a true and correct copy of each contract, agreement, commitment or plan or other document or instrument referred to therein (if such item has not otherwise been made available to TPG Holding or its counsel) (the "DISCLOSURE LETTER").

6.2 TPG ACQUISITION DELIVERY. Prior to the date hereof, TPG Acquisition has delivered to Motorola true and correct copies of the commitment letter, the engagement letter and certain related documents set forth in EXHIBIT N from the financing sources identified therein, which provide for the financing of the transactions contemplated hereby (the "TPG FINANCING COMMITMENTS").

6.3 H-S-R FILING. As promptly as practicable following the execution of this Agreement thereafter, Motorola and TPG Acquisition each covenant and agree to file with the DOJ and FTC the pre-merger notification form required pursuant to the H-S-R Act with respect to the transactions contemplated hereby. The parties covenant and agree with each other that with respect to such filing each shall: (a) promptly file after any request by the DOJ or FTC, any information or documents requested by the DOJ or FTC; and (b) furnish each other with any correspondence from or to, and notify each other of any other communication with, the DOJ or FTC which relates to the transactions contemplated hereunder, and to the extent practicable, to permit the other parties to participate in any conferences with the DOJ or FTC. TPG Holding

shall pay all filing fees required by the DOJ and FTC in connection with the pre-merger notification form filing.

6.4 OTHER FILINGS. Motorola, the Company and TPG Acquisition covenant and agree with each other to (a) promptly file, or cause to be promptly filed, with any Governmental Authority, all such notices, applications or other documents as may be necessary to consummate the transactions contemplated hereby; and (b) thereafter diligently pursue all Required Consents and Approvals. Each of Motorola and TPG shall have the right to participate in all discussions with third parties regarding the granting of Required Consents and Approvals.

ARTICLE VII

PRE-CLOSING COVENANTS AND AGREEMENTS

7.1 PRE-CLOSING COVENANTS. During the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement or the Closing Date, Motorola covenants and agrees as follows (except for the Cody Restructuring, as set forth in the Disclosure Letter, as contemplated by the Reorganization Agreement or with the prior written consent of TPG Acquisition):

(a) (i) to use all Reasonable Efforts to consummate the transactions contemplated by the Reorganization Agreement in accordance with the terms of the Reorganization Agreement in accordance with the terms of the Reorganization Agreement and (ii) not to amend any of the Reorganization Agreement or the Collateral Agreements except as contemplated by the Interim Manufacturing/Transition Agreement or with the consent of TPG Holding, which consent shall not be unreasonably withheld;

(b) at all reasonable times prior to the Closing Date, to make the office facilities, plants, machinery and equipment, inventories, books of account and records of the

Business available for examination and inspection by TPG Acquisition and its agents and representatives;

(c) to conduct the Business in the ordinary course of business and in a manner consistent with past practice;

(d) not to issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any shares of capital stock of any class, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of capital stock, or any other ownership interest (including, without limitation, any phantom interest) in the Company, any of the SCG Post-Closing Entities or any interest of Motorola in a Joint Venture;

(e) not to sell, assign, transfer, convey, lease, pledge, dispose of or encumber any Purchased Assets (except for (i) sales of assets in the ordinary course of business and in a manner consistent with past practice, (ii) dispositions of obsolete or worthless assets, and (iii) sales of immaterial assets not in excess of $10.0 million in the aggregate);

(f) not to (i) acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof; or (ii) incur any Indebtedness (other than Indebtedness of the type described in clause (vii) of the definition thereof in an aggregate amount not exceeding $5.0 million incurred in the ordinary course of business consistent with past practice (but exclusive of refinancings or replacements of such Indebtedness which exists as of the date hereof), or make any loans or advances, except for loans or advances in an aggregate amount not exceeding $5.0 million made in the ordinary course of business consistent with past practice;

(g) not to increase the compensation payable, or to become payable, to the employees of the Business, except for increases in salary or wages of employees of the Business in the ordinary course, consistent with past practices of the Business and not exceeding, in the aggregate on an annualized basis, 5% of the total compensation expense of the Business for the year ended December 31, 1998, or grant any severance, termination, retention or change in control benefits or compensation to, or modify or enter into any employment, severance, retention or change in control agreement or arrangement, in excess of $200,000 on an annual basis with any employees of the Business having a current annual base salary of $125,000 or more, or establish, adopt, enter into or amend any collective bargaining agreement, Plan, trust, fund, policy or arrangement for the benefit of any current or former employees or any of their beneficiaries, except, in each case, as may be required by law;

(h) to use Reasonable Efforts to preserve intact the business, operations, organization and goodwill of the Business;

(i) to use Reasonable Efforts to continue to maintain existing business relationships of the Business with customers and suppliers other than relationships not economically beneficial to the Business;

(j) to keep the books of account, records and files of the Business in the ordinary course of business and in accordance with existing practice;

(k) to maintain all material assets and properties of the Business in their current condition, normal wear and tear excepted;

(l) to maintain insurance upon all of such assets and properties in such amounts and of such kinds comparable to that in effect on the date hereof with insurers of substantially the same or better financial condition;

(m) to promptly notify TPG Acquisition of any (A) extraordinary loss relating to the Business, (B) casualty losses or damages suffered relating to the Business with respect to property or assets having an individual replacement cost of more than $1.5 million or an aggregate replacement cost of more than $10.0 million or which could cause a Material Adverse Effect, whether or not such losses or damages are covered by insurance and (C) action, suit, proceeding, claim or arbitration which could cause a Material Adverse Effect to the Business;

(n) to comply in all material respects with all applicable Laws to which the Business is subject;

(o) not to enter into any contract that would be a Material Contract (which would reasonably be expected to involve more than $1.5 million over the next 12 months, except with respect to Material Contracts as defined in SECTION 8.22(c), (d) and (g), which shall not be subject to the provisions of this parenthetical), modify, terminate, accelerate or amend in any material respect any Material Contract or waive, release or assign any material rights or claims thereunder (in each case as would reasonably be expected to involve less than $1.5 million except with respect to Material Contracts as defined in Section 8.22(a), (b), (e) and (f), which shall not be subject to the provisions of this parenthetical).

(p) not to make any payment or prepayment of Taxes in excess of the amount required by law;

(q) not to pay, discharge or satisfy any material claims, litigation, arbitration, liabilities or obligations, or waive any material right, associated with the Business (absolute, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction of such liabilities or obligations in the ordinary course of business consistent with

past practice; PROVIDED, that Motorola may take any of the actions specified in this clause (p) with regard to any claim, litigation, arbitration, liability, obligation or right which shall constitute a Retained Liability or an Excluded Asset;

(r) not to take any action or refrain from taking any action where such action or inaction would reasonably be expected to cause any of the representations or warranties of Motorola contained herein to be untrue or incorrect in any material respect;

(s) not to take any steps to sell finished inventory to its distributors with the intent or expectation of increasing the finished inventories of any such distributors to more than fourteen (14) weeks of finished inventory at current resale rates, or to engage in other special selling efforts, such as the implementation of extraordinary price discounts, rebates or the like;

(t) to take the actions contemplated to be taken prior to the Closing pursuant to the Collateral Agreements and the Interim Manufacturing/Transition Agreement in accordance with the respective terms thereof;

(u) not to agree or consent, and to cause its designees on the Boards of Directors (or other governing bodies) of the Joint Ventures not to agree or consent to any capital call, capital commitment or other Joint Venture financing or other action presented for approval by Motorola, any of its Affiliates, such Boards of Directors or other governing bodies, in each case except as provided for Item 2 of the Disclosure Letter; and

(v) not to enter into any Contract to engage in any action prohibited by the foregoing clauses (a) through (u).

Except as expressly provided in this Section 7.1, the provisions of clauses (b) through (s) of this SECTION 7.1 shall not apply with respect to any Joint Venture.

7.2 PRESS RELEASES. Prior to the Closing, neither Motorola nor TPG Acquisition nor any of their Affiliates will issue or cause publication of any press release or other announcement or public communication with respect to this Agreement or the transactions contemplated hereby without the prior consent of the other, which consent will not be unreasonably withheld; PROVIDED, HOWEVER, that nothing herein will prohibit any party from issuing or causing publication of any such press release, announcement or public communication to the extent that such party determines such action to be required by law or the rules of any national stock exchange applicable to it or its Affiliates, in which case the party making such determination will allow the other party reasonable time to comment on such release or announcement in advance of its issuance.

7.3 EXCLUSIVITY. Unless and until this Agreement is terminated pursuant to SECTION 14.1, neither Motorola nor any of its Affiliates, officers, directors, employees or agents will (a) solicit, initiate, or encourage the submission of any proposal or offer (a "PROPOSAL") from any Person relating to any (i) liquidation, dissolution, or recapitalization, (ii) merger or consolidation, (iii) acquisition or purchase of securities or assets, or (iv) similar transaction or business combination, in each case involving all or any material portion of the Business; or (b) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or agree to or endorse in any other manner any effort or attempt by any Person to do or seek any of the foregoing; PROVIDED, that the foregoing shall not apply to any transaction or combination involving Motorola or substantially all of the assets of Motorola and its subsidiaries and not primarily the Business.

7.4 SATISFACTION OF CONDITIONS. Each of the parties will use Reasonable Efforts with due diligence and in good faith to satisfy promptly all conditions required hereby to be

satisfied by such party in order to expedite the consummation of the transactions contemplated hereby. Without limiting the generality of the foregoing, the parties shall use Reasonable Efforts to obtain all consents of third parties which are required under the Material Contracts (which are not terminable or cancelable by either party thereto upon less than 120 days' notice) pursuant to the terms thereof to effect the assignment, license or sub-lease thereof to the SCG Parties as contemplated by this Agreement, the Reorganization Agreement and the Collateral Agreements (but shall not be required to pay money or incur obligations to third parties in connection therewith). Notwithstanding the foregoing, none of the parties hereto shall be required to comply with the provisions of the previous sentence to the extent that complying with such provisions is detrimental to the conduct of the Business, as reasonably determined by senior management of SCG and communicated in writing to Motorola and TPG.

7.5 REPLACEMENT OF GUARANTEES, ETC.

(a) Motorola and/or its Affiliates have provided certain corporate guarantees or have obtained certain indemnity bonds and/or letters of credit or letters of comfort (such guarantees, indemnity bonds, letters of credit or letters of comfort, whether in existence on the date hereof or provided or obtained after the date hereof, the "MOTOROLA BONDS") identified in the Disclosure Letter in connection with the Business with respect to which Motorola and/or its Affiliates (the "MOTOROLA PARTIES") has reimbursement, indemnification or other obligations and, after the date hereof and prior to the Closing, any Motorola Party may, (i) in its sole discretion but after consulting with TPG Acquisition, in the ordinary course of business (but in each case, excluding in connection with Indebtedness of the type described in clauses (i) through (vi) of the definition thereof), issue additional Motorola Bonds (as opposed to Motorola Bonds which are being issued to replace or refinance existing Motorola Bonds) in connection with certain

obligations of the Business; PROVIDED, that the aggregate amount of such Motorola Bonds is $5.0 million or less, and (ii) with the prior consent of TPG Acquisition, issue additional Motorola Bonds in excess of $5.0 million. The obligations of the Company with regard to the Motorola Bonds set forth in this Agreement shall apply (i) to those Motorola Bonds in existence as of the date hereof and (ii) to those Motorola Bonds provided or obtained after the date hereof in accordance with the provisions of the previous sentence.

(b) TPG Acquisition shall use its Reasonable Efforts to, or cause the Company to, replace the Motorola Bonds at the Closing Date (except for any Motorola Bonds to be replaced by letters of credit to be issued under the Senior Credit Facility which TPG Acquisition shall use its Reasonable Efforts to cause the Company to replace immediately after the Closing Date). The Company agrees, unconditionally and irrevocably, without right of setoff, to pay to, reimburse, and indemnify the Motorola Parties, for and against all their payments, costs and expenses incurred after the Closing and relating to such Motorola Bonds, which shall be deemed to include, without limitation, all fees, expenses and other amounts payable under its credit and bonding arrangements in respect of such Motorola Bonds, in each case until the complete and unconditional release of Motorola's obligations with respect thereto. All such payments, reimbursements and indemnities by the Company shall be made within one business day after receipt by it of written notice by Motorola that it has made or incurred any such payment, cost or expense together with reasonable evidence of such payment. If any Motorola Bonds are outstanding 60 days after the Closing Date, the Company shall deliver an irrevocable letter of credit in an amount sufficient to cover all of the Company's payment, reimbursement and indemnification obligations under this SECTION 7.5(b). Motorola shall be the beneficiary of any such letter of credit.

7.6 FINANCING. TPG Acquisition hereby agrees to use its Reasonable Efforts to arrange and complete the Financing including, (i) to negotiate definitive agreements with respect thereto and (ii) to satisfy all conditions applicable to TPG Acquisition in such definitive agreements. TPG Acquisition will keep Motorola informed at all times with respect to the status of its efforts to arrange and complete the Financing, including, without limitation, with respect to the occurrence of any event which TPG Acquisition believes may have a material adverse effect on the ability of TPG Acquisition to obtain the Financing. In the event TPG Acquisition is unable to arrange or complete any portion of the Financing in the manner or from the sources originally contemplated, TPG Acquisition will use its Reasonable Efforts to arrange any such portion from alternative sources. Motorola hereby agrees to use its Reasonable Efforts to assist TPG Acquisition to arrange and complete the Financing, including to satisfy all conditions applicable to Motorola in connection therewith and will use its Reasonable Efforts to cause the SCG Parties to comply with their obligations under the definitive agreements with respect to the Financing; PROVIDED, that Motorola shall not be obligated to incur any monetary obligations or expenditures in connection with such assistance unless reimbursed promptly in full by TPG Acquisition. Motorola agrees to provide and make available upon reasonable notice the senior management employees of the Business for (i) their participation in any "road shows" for the Financing and (ii) to respond to questions and inquiries of potential lenders and investors; PROVIDED, HOWEVER, Motorola accepts no liability or responsibility for any such activities, and each definitive agreement with respect to the Financing shall incorporate, where appropriate, an adequate disclaimer of Motorola's liability acceptable to Motorola. Motorola will use its Reasonable Efforts to deliver the Financial Information to TPG Acquisition and to each of the financing providers under the TPG Financing Commitments prior to August 1, 1999.

7.7 PERMITS. The Motorola Transferors shall use their Reasonable Efforts to cause all Company Permits to be transferred or reissued to the appropriate SCG Party as of the Closing Date or as promptly thereafter as is reasonably possible. Following the Closing Date, the Motorola Transferors shall cooperate with any efforts of the SCG Parties to complete the actions required to transfer or obtain the issuance of all Company Permits.

7.8 ACCESS TO INFORMATION. Upon reasonable notice from TPG to Motorola and subject to the terms of the Non-Disclosure Letter, Motorola will cause to be afforded to TPG and its financing providers, and their respective officers, employees, representatives and advisors access during normal business hours to the employees, representatives, representatives advisors, facilities and books and records of Motorola and its Subsidiaries (and will use Reasonable Efforts to provide such access with respect to the Joint Ventures) so as to afford TPG and its financing providers full opportunity to make such review, examination and investigation of the Business, the Purchased Assets, the Assumed Liabilities and the Joint Ventures as they may reasonably deem necessary to make in connection with the transactions contemplated hereby and by the Reorganization Agreement.

7.9 FINAL DETERMINATION OF ASSETS, LIABILITIES. Each of the parties acknowledges that the detailed identification of Purchased Assets, Assumed Liabilities and Retained Liabilities is substantially, but not entirely, complete. Promptly following the execution of this Agreement, the parties will establish a committee consisting of one representative of TPG, one senior officer of the Business and one senior officer of Motorola's Semiconductor Products Sector (the "ASSET DESIGNATION COMMITTEE"). The Asset Designation Committee shall, prior to the Closing, work in good faith to finalize the detailed list of Purchased Assets, Assumed Liabilities and Retained Liabilities to be delivered, assumed and retained at the

Closing; PROVIDED, HOWEVER, that the modifications made to the Purchased Assets, Assumed Liabilities and Retained Liabilities shall not materially frustrate the economic purpose of any party in engaging in the transactions contemplated hereby. The modifications effected pursuant to this SECTION 7.9 shall be made without invoking the provisions of Section 4.3 of the Reorganization Agreement or ARTICLE XI hereof but if applicable may be used to reduce the $15.0 million asset shortfall set forth in the Equipment Passdown Term Sheet included in the Interim Manufacturing/Transition Agreement.

7.10 REFINANCE OR RENEGOTIATION OF JOINT VENTURE INDEBTEDNESS. The parties acknowledge that under the terms of certain Indebtedness incurred by the Joint Ventures pursuant to the credit facilities identified on EXHIBIT O (the "JOINT VENTURE CREDIT FACILITIES"), Motorola has provided certain comfort letters, letters of assurances or similar arrangements ("SUPPORT LETTERS"). The parties further acknowledge that the consummation of the transactions contemplated hereby may result in one or more defaults under the terms of such Joint Venture Credit Facilities. In order to maintain the appropriate level of financing at the Joint Ventures, TPG Holding and TPG Acquisition will use their Reasonable Efforts to obtain sufficient financing to refinance or replace, at Closing, the Joint Venture Credit Facilities. To facilitate the foregoing, the parties shall work diligently from and after the date hereof to provide such information as may be necessary to the principal lenders under the Financing to enable due and prompt consideration of such refinancing proposal. If after 45 days from the date hereof, despite the Reasonable Efforts of TPG Holding and TPG Acquisition and the Reasonable Efforts of all other parties hereto, the principal lenders under the Financing have decided not to refinance or replace the Joint Venture Credit Facilities at Closing, the parties hereto shall seek to negotiate with the principal lenders under the Joint Venture Credit Facilities to enable such facilities to be

maintained after Closing without Support Letters issued by Motorola and to enable the waiver or forbearance of any defaults as a result of the transactions contemplated hereby. Such negotiations shall include an offer by the Company to provide Support Letters (on terms permitted under the Financing) in replacement of the Support Letters issued by Motorola. The costs of any consent fee or increased borrowing fees (including the present value of any additional interest expense) shall be shared jointly by the Company and Motorola; PROVIDED, that neither party shall be required to contribute an amount in excess of $2.0 million in the aggregate towards such costs.

7.11 LESHAN JV. The parties will undertake to transfer the interests in the Leshan JV from Motorola to SCG Holding as set forth in the Term Sheet attached hereto as EXHIBIT P.

7.12 COMPANY/SCI GROUND LEASE. The parties hereto acknowledge that Motorola and the Company entered into the Existing Ground Lease in connection with the Reorganization. In connection with the Company/SCI Asset Transfer, it is contemplated that at TPG Holding's option, (i) the Company's leasehold interest in the Existing Ground Lease shall be assigned from the Company to SCI or LLC or (ii) to the extent necessary to resolve the Existing Ground Lease Open Issues, the Existing Ground Lease shall be terminated and the Company/SCI Ground Lease shall be entered into as of the Closing Date in order to resolve the Existing Ground Lease Open Issues, which is the subject of the Existing Ground Lease. In order to facilitate the possible election of option (ii) in the previous sentence, Motorola and TPG Holding hereby agree to negotiate in good faith after the date hereof in order to finalize the terms of the Company/SCI Ground Lease prior to the Closing Date. In addition to options (i) and (ii) in the second preceding sentence, the parties hereto agree that at TPG Holding's option and to

the extent it is reasonably feasible (taking into consideration Motorola's desire to avoid negative publicity), the Company's leasehold interest in the Existing Ground Lease shall be assigned from the Company to SCI LLC and SCI LLC shall exercise an option to purchase the Premises (as defined in the Existing Ground Lease) or to purchase the Subsurface Rights. In the event that TPG Holding elects to pursue such purchase options, both parties agree to cooperate in good faith in determining if such purchase options would be feasible. In the event that such purchase options are feasible and TPG Holding elects such option, (x) Motorola and SCI LLC shall execute a reciprocal declaration of covenants and easements containing provisons substantially equivalent to the provisions contained in the Existing Ground Lease and (y) the fees and costs of exercising such purchase options shall be divided equally between the parties; provided, however, if such fees and costs are unreasonably high, the parties agree to cooperate in good faith in renegotiating the allocation of such costs.

7.13 COMPANY NOTES. (a) Motorola shall incorporate such terms into the Company Notes as TPG Holding shall reasonably request, including terms relating to assignability, interest rates, payment schedules, currency and denominations.

(b) With regard to any contributions made by the Company or SCI LLC, directly or indirectly, to the SCG Post-Closing Entities for the purpose of repaying and/or repurchasing the Company Notes in accordance with the terms of SECTION 3.6(f), Motorola shall cause the Company, SCI LLC and the SCG Post-Closing Entities to contribute and/or loan such amounts to the SCG Post-Closing Entities according to the manner chosen by TPG Holding.

(c) TPG Holding shall have the right to determine whether each Company Note shall be prepaid in whole or in part and, in the event any Company Note is not

paid in full, to designate the SCG Post-Closing Entity to which such Company Notes shall be assigned.

(d) Notwithstanding anything herein to the contrary, each Company Note shall be repaid an/or repurchased in full from the holders thereof at the Closing such that, immediately after giving effect to the Closing, the Company Notes Amount shall in the aggregate have been paid in full to Motorola and its Subsidiaries (other than the Company and its Subsidiaries).

ARTICLE VIII

WARRANTIES AND REPRESENTATIONS OF MOTOROLA

Except as provided in the Disclosure Letter, Motorola warrants and represents to and covenants with TPG Acquisition and TPG Holding, and their respective successors and assigns, as follows:

8.1 DUE INCORPORATION. Motorola is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. Each SCG Party is, or prior to the Closing will be, a corporation (or other legal entity) duly organized and validly existing under the laws of its jurisdiction of incorporation or organization identified in the Disclosure Letter. Each SCG Party has, or prior to the Closing will have, the power, and holds, or prior to the Closing, will hold, all rights, privileges, franchises, immunities, licenses, permits, authorizations and approvals (governmental or otherwise) necessary, to own and operate its properties and to carry on and conduct its business as contemplated by the Reorganization Agreement or hereby, except, in each case, where the failure to hold such rights, privileges,

franchises, immunities, licenses, permits, authorizations and approvals (governmental or otherwise) would not reasonably be expected to have a Material Adverse Effect or a material adverse effect on the Business in any Principal Location.

8.2 QUALIFICATION. Each SCG Party is, or prior to the Closing will be, duly qualified to do business and is, or prior to the Closing will be, in good standing (or the equivalent thereof) in each jurisdiction where the character of the properties owned or leased or the nature of the activities conducted by such corporation (or other legal entity) make such qualification necessary, except where the failure to be so qualified or in good standing will not have a material adverse effect on such SCG Party. The Disclosure Letter sets forth a schedule of all jurisdictions where each SCG Party is, or prior to the Closing will be, qualified to do business (or the equivalent thereof).

8.3 INVESTMENTS. Except for equity interests in another SCG Party or the Joint Ventures and as described in the Disclosure Letter, no SCG Party owns, and on the Closing Date no SCG Party will own, any securities or any other direct or indirect interest in any Person (including any joint venture or partnership).

8.4 CAPITALIZATION.

(a) The total number of shares of capital stock and the par value thereof which the Company is authorized to issue and the number of such shares which are issued and outstanding as of the date hereof, are, and at all times prior to the Closing will be, as follows:

Class	Authorized Shares	Issued and Outstanding Shares
Common Stock, without par value per share	1,000	100

All of such shares are, and at all times prior to the Closing will be, owned by Motorola free and clear of all Liens. As of the date hereof, no shares of Company Stock were held in treasury. At the date hereof, there are, and at all times prior to the Closing, there will be, no outstanding options, conversion rights, warrants or other rights in existence to acquire or to require the Company to issue, purchase or acquire any shares of the capital stock or other securities of the Company.

(b) The Disclosure Letter sets forth a true and accurate schedule of the total number of shares of capital stock or other equity interests and the par value thereof (where applicable) which each SCG Party is, or as of the Closing will be, authorized to issue and the number of such shares which are, or as of the Closing will be, issued and outstanding (and held in treasury as of the date hereof) and the owner thereof. Except as disclosed in the Disclosure Letter, there are, and at all times prior to the Closing will be, no outstanding options, conversion rights, warrants or other rights in existence to acquire, or to require any SCG Party to issue, purchase or acquire any shares of capital stock or other securities of any SCG Party.

(c) The issued and outstanding shares of capital stock of each SCG Party have been, and at all times prior to the Closing will be, duly and validly issued and are, and at all times prior to the Closing will be, fully paid and nonassessable (as applicable in jurisdictions located outside of the United States). At the Closing, all of the issued and outstanding shares of capital stock or other equity interest of each SCG Post-Closing Entity will be owned by the Company or one of its Subsidiaries free and clear of all Liens. Except as set forth in the Disclosure Letter, there are, and at all times prior to the Closing there will be, no voting trust agreements or other contracts, agreements or arrangements restricting voting or dividend rights or transferability with respect to the outstanding shares of capital stock of any

SCG Party. The provisions of this SECTION 8.4(c) shall be deemed to apply to any SCG Party or SCG Post-Closing Entity only upon incorporation or organization of such entity (to the extent such entity is incorporated or organized after the date hereof).

(d) The Disclosure Letter sets forth a description of the nature and amount of all interests, debt, equity or otherwise, held by Motorola and its Affiliates in each Joint Venture, all of which are to be transferred to the Company prior to the Closing pursuant to the Reorganization Agreement. All of such interests are held by Motorola and its Affiliates and prior to the Closing will be transferred to the Company, free and clear of all Liens. Except as set forth in the Disclosure Letter, there are, and at all times prior to the Closing will be, no outstanding options, conversion rights, warrants or other rights in existence to acquire or to require any SCG Party or, to Motorola's Knowledge, Joint Venture to issue, purchase or acquire, any interest in a Joint Venture.

(e) To Motorola's Knowledge: (i) no more than $60.0 million of Indebtedness of the SMP Joint Venture is outstanding as of the date hereof, (ii) no more than $27.0 million of Indebtedness of the Leshan JV is outstanding as of the date hereof, (iii) no more than $3.0 million of Indebtedness of SEI is outstanding as of the date hereof, (iv) no more than $12.0 million of Indebtedness of Terosil is outstanding as of the date hereof and (v) no more than $40.0 million of Indebtedness of Tesla is outstanding as of the date hereof. For the purposes of this clause (e), "INDEBTEDNESS" shall mean each and every obligation identified under clauses (i) and (ii) of the definition of Indebtedness contained herein. The amount of funds which the SCG Parties will be obligated as of the Closing Date to contribute or lend to the Joint Ventures (other than the Leshan JV) will not exceed, in the aggregate, $20 million.

8.5 DUE AUTHORIZATION.

(a) Motorola, each Motorola Transferor and each SCG Party has all corporate power and authority which may be required for it to enter into, and to perform its obligations under, this Agreement, the Collateral Agreements and the Reorganization Agreement; Motorola, each Motorola Transferor and each SCG Party has taken all corporate actions on its part necessary or appropriate to execute, deliver and perform this Agreement, the Reorganization Agreement and the Collateral Agreements and to consummate the Merger and the transactions contemplated by the Reorganization Agreement, this Agreement and the Reorganization Agreement, and, when executed, the Collateral Agreements shall have been duly authorized, executed and delivered by Motorola and each SCG Party, as applicable, and each is binding upon, and enforceable against, Motorola and each SCG Party, as applicable, in accordance with its respective terms and conditions, except as the enforceability thereof may be subject to or limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and judicial limitations upon the specific performance of certain types of obligations. The provisions of this SECTION 8.5(a) shall be deemed to apply to any SCG Party only upon incorporation or organization of such entity (to the extent such entity is incorporated or organized after the date hereof).

(b) Each of the Motorola Transferors has all corporate power and authority which may be required for each to perform the transactions contemplated by the Reorganization Agreement to be performed by it. Each document or instrument of transfer and assignment executed by a Motorola Transferor to implement the transactions contemplated thereby will be duly authorized and binding upon, and enforceable against such Motorola Transferor in accordance with its terms and conditions, except as the enforceability thereof may

be subject to or limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and judicial limitation upon specific performance of certain types of obligations.

8.6 NO CONFLICTS. Except as set forth in the Disclosure Letter, neither the execution, delivery or performance of this Agreement, the Reorganization Agreement, or the Collateral Agreements by each Motorola Transferor and each SCG Party, nor the consummation of the Merger or any other transaction contemplated hereby, by the Reorganization Agreement or by the Collateral Agreements, does or will, after the giving of notice, or the lapse of time, or otherwise:

(a) conflict with, result in a breach of, or constitute a default under, the charter or By-Laws (or other constitutive instruments) of Motorola, any SCG Party or any Motorola Transferor or any Joint Venture (which would have a material adverse effect on such Joint Venture) or any U.S. or non-U.S. federal, state or local law, statute, code, ordinance, rule or regulation generally applicable to transactions of the type contemplated hereby, by the Reorganization Agreement or by the Collateral Agreements, or any U.S. or non-U.S. federal, state or local court or administrative order or process to which Motorola, any SCG Party, any Joint Venture or any Motorola Transferor is a party, or any contract, agreement, arrangement, commitment or plan to which Motorola, any Joint Venture, any SCG Party or any Motorola Transferor is a party, or under which Motorola, any SCG Party or any Motorola Transferor may be obligated, or by which Motorola, any Joint Venture, any SCG Party or any Motorola Transferor or any of their respective rights, properties or assets may be subject or bound which conflict, breach or default, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or a material adverse effect on the Business in any Principal Location

or a material adverse effect on the SMP Joint Venture, the Leshan Joint Venture, Tesla or Terosil;

(b) result in the creation of any mortgage, pledge, lien, claim, charge, encumbrance or assessment upon any of the rights, properties or assets of Motorola or the Company and which are included in the Purchased Assets, which could reasonably be expected to have a Material Adverse Effect or a material adverse effect on the Business in any Principal Location; or

(c) terminate, amend or modify, or give any party the right to terminate, amend, modify, abandon or refuse to perform or comply with, any contract, agreement, arrangement, commitment or plan to which Motorola, the Company or any Joint Venture is a party and which is included in the Purchased Assets, or under which Motorola, the Company or any Joint Venture may be obligated and which is included in the Purchased Assets, or by which Motorola, the Company or any Joint Venture or any of the rights, properties or assets of Motorola, the Company or any Joint Venture may be subject or bound and which is included in the Purchased Assets in each case, as could reasonably be expected to have a Material Adverse Effect or a material adverse effect on the Business in any Principal Location or a material adverse effect on the SMP Joint Venture, Leshan JV, Tesla or Terosil.

8.7 GOOD TITLE AND LEASE.

(a) On the Closing Date, each SCG Party shall have good and marketable title to the Purchased Assets (which title is fee simple in the case of all owned Real Property located in the United States) and all other assets, properties or rights owned or held by any SCG Party, subject to no Liens except for Permitted Liens. Motorola has made available to

TPG Acquisition a true, correct and complete copy of each title insurance policy, survey and appraisal relating to the Real Property which is in its possession or reasonably available to it.

(b) To Motorola's Knowledge, all leases pursuant to which the Business leases from others material amounts of real or personal property relating to the Business, are in good standing, valid and effective in accordance with their respective terms, and there is not, to Motorola's Knowledge, under any such leases, any existing material default or event of default (or event which with notice or lapse of time, or both, would constitute a material default), except where the lack of such good standing, validity and effectiveness or the existence of such default or event of default would not have a material adverse effect on a Significant Property. Motorola has made available to TPG Acquisition true, correct and complete copies of all such leases and subleases, including any amendments or modifications thereunder.

8.8 COMPLIANCE; PERMITS.

(a) Except as disclosed in the Disclosure Letter, the Business is in compliance with, and has not been conducted in conflict with, or in default or violation of, any law, rule, regulation, permit, license, approval, order, judgment or decree applicable to the Business or by which any of the Business' properties (including Purchased Assets) is bound or affected, except for any such conflicts, defaults or violations which would not reasonably be expected to have a Material Adverse Effect.

(b) Except as disclosed in the Disclosure Letter, each SCG Party will as of the Closing Date hold all permits, licenses and approvals from Governmental Authorities which are material to the operation of the Business by such SCG Party as it is now being conducted (collectively, the "COMPANY PERMITS"); PROVIDED, no representations or warranties are

made in this SECTION 8.8 with respect to any tax incentives, privileges or rights beyond those which are required to operate the Business.

8.9 FINANCIAL STATEMENTS. Except as set forth in the Disclosure Letter, the Financial Statements were prepared in all material respects in accordance with the books and records of the Business and in accordance with GAAP and fairly present in all material respects the combined assets, liabilities and business equity of the Business as at the dates thereof and the related combined revenues less direct and allocated expenses before taxes for each of the periods indicated therein, in each case on the basis described in Note 1 to the Financial Statements, subject, in the case of unaudited financial statements, to normal year-end adjustments and the omission of footnotes.

8.10 ABSENCE OF CERTAIN CHANGES OR EVENTS. Except as set forth in the Disclosure Letter, since the Balance Sheet Date, the Business has been conducted in the ordinary course and there has not occurred: (i) any Material Adverse Effect; (ii) any damage to, destruction or loss of any material asset of the Business (whether or not covered by insurance) (including Purchased Assets); (iii) any material change by the Company in its accounting methods, principles or practices; (iv) any material revaluation by the Company of any of the assets of the Business including, without limitation, writing down the value of inventory or writing off notes or accounts receivable other than in the ordinary course of business; (v) any sale of a material amount of property of the Business, except in the ordinary course of business; (vi) any cancellation, expiration, non-renewal or waiver of any right under any contract, lease, agreement (which contract, lease or agreement would have constituted a Material Contract), or material license, material permit or material approval, except in the ordinary course of business;

or (vii) any other action or event that would have required the consent of TPG Acquisition pursuant to SECTION 7.1 had such action or event occurred after the date of this Agreement.

8.11 NO UNDISCLOSED LIABILITIES. Except as set forth in the Disclosure Letter, as of the Closing Date, no SCG Party will have any liabilities (absolute, accrued, contingent or otherwise) except for the (a) liabilities reflected on the Balance Sheet, (b) liabilities which, if not reflected on the Balance Sheet, would not have been required to be reflected on the Balance Sheet in accordance with GAAP, (c) liabilities incurred since the Balance Sheet Date in the ordinary course of business, (d) liabilities incurred in connection with this Agreement or the Reorganization Agreement or (e) obligations arising from the Motorola Bonds. As of the Closing Date, no SCG Party will have any Indebtedness other than (i) Indebtedness set forth in the Disclosure Letter and (ii) Indebtedness of the type described in clause (vii) of the definition thereof in an aggregate amount not exceeding $7.5 million.

8.12 ABSENCE OF LITIGATION. Except as set forth in the Disclosure Letter, there are no claims, actions, suits, proceedings, or investigations pending or, to Motorola's Knowledge, overtly proposed or threatened against the Business, the Company or any of the SCG Post-Closing Entities or any properties or rights of the Business, the Company or any of the SCG Post-Closing Entities before any court, arbitrator or administrative, governmental or regulatory authority or body, domestic or non-U.S., (i) which if adversely determined would (x) hinder or impair in any material respect the ability of any Motorola Transferor or any SCG Party to perform its obligations under this Agreement, the Reorganization Agreement or the Collateral Agreements or (y) result in a Material Adverse Effect or (ii) that seek to enjoin or obtain material damages in respect of the consummation of the transactions contemplated hereby. No Motorola Transferor or any SCG Party is subject to any outstanding orders, rulings, judgments or decrees

that would hinder the ability of any Motorola Transferor or SCG Party to perform their obligations under this Agreement, the Collateral Agreements or the Reorganization Agreement.

8.13 RESTRICTIONS ON BUSINESS ACTIVITIES. Except for this Agreement or as set forth in the Disclosure Letter or the Collateral Agreements, to Motorola's Knowledge, there is no agreement, judgment, injunction, order or decree binding upon any Motorola Transferor or SCG Party which has or would reasonably be expected to have the effect of prohibiting or impairing any material business practice of the Business, acquisition of any material property by any Motorola Transferor or SCG Party with respect to the Business or the conduct of any Motorola Transferor or SCG Party with respect to any material aspect of the Business as currently conducted or as proposed to be conducted.

8.14 REAL PROPERTY. The Disclosure Letter lists all of the real property owned, leased, used or occupied in the Business and which is to be owned by or leased to SCG Parties, other than property to be made available under the Motorola Facilities Lease or the SCG Master Lease (the "REAL PROPERTY"). With respect to each Significant Property, except as disclosed in the Disclosure Letter: (a) there are no pending, or to Motorola's Knowledge, threatened or contemplated condemnation proceedings, lawsuits or administrative actions relating thereto; (b) there are no leases, subleases, licenses, occupancy agreements, concessions or other agreements, written or oral, granting to any Person the right to use or occupy any portion thereof; (c) to Motorola's Knowledge, no work has been performed on, or material supplied to, any Significant Property within any applicable statutory period which could give rise to any mechanics' or materialmen's liens, other than work or materials that shall be paid for prior to the Closing Date or for which payment shall be accrued and reflected in the Closing Balance Sheet; (d) with respect to owned parcels of Significant Property, there are no outstanding accepted offers to buy,

offers to sell, or options or rights of first refusal to purchase or sell or otherwise use, occupy or enjoy any portion thereof or interest therein; (e) to Motorola's Knowledge, there are no Persons, other than the SCG Parties, in possession of the parcel, other than tenants under leases or subleases disclosed in the Disclosure Letter, who are in possession of space to which they are entitled under such lease or sublease; (f) there are no pending or to Motorola's Knowledge, threatened or contemplated applications or proceedings to alter or restrict the zoning or other use restrictions applicable to any owned Significant Property; (g) to Motorola's Knowledge, none of the Significant Property has suffered any material damage by fire or other casualty and not heretofore been completely restored to its original condition; and (h) none of the leases or subleases relating to any of the leased Significant Property contains any operating covenants or restrictions which might or would have a material adverse effect on the related Significant Property and/or the conduct of the Business at such Significant Property, except, in each case of clauses (a) through (h) above, as would not reasonably be expected to result in a Material Adverse Effect or a material adverse effect on a Significant Property. Motorola has not received any notice that improvements on and the present uses of the owned Significant Property are in violation of applicable zoning restrictions. Except as disclosed in the Disclosure Letter, the Business has not received notice of and, to Motorola's Knowledge, there is no plan, study or effort by any governmental or regulatory authority which would prevent the continued use of the owned Significant Property in the manner it was used prior to the Closing Date in the Business. The provisions of this SECTION 8.14 shall not apply to any real property owned, leased, used or occupied by any Joint Venture. Except as set forth in the Disclosure Letter, there is no material default with respect to the obligations of any Existing SCG Entity under any lease with respect to a Significant Property.

8.15 TANGIBLE ASSETS. Except as set forth in the Disclosure Letter, to Motorola's Knowledge, the tangible assets presently and actively used in the operation of the Business are in good operating condition, free of any defects (except those resulting from normal wear and operation) which individually or in the aggregate, reasonably could be expected to have a Material Adverse Effect or a material adverse effect on the Business in any Principal Location and for which there are no replacement assets complying with the foregoing representations which shall be included as Purchased Assets.

8.16 TAXES.

(a) Except as disclosed in the Disclosure Letter (with paragraph references corresponding to those set forth below):

(i) the Company, SCI LLC and the Foreign Entities have timely filed all material Tax Returns concerning Taxes required to be filed by applicable law (or such Tax Returns have been filed on behalf of the Company, SCI LLC and the Foreign Entities), and all such Tax Returns are true, correct and complete in all material respects;

(ii) all amounts due in respect of material Taxes payable by the Company, SCI LLC and the Foreign Entities have been paid (whether or not actually shown on such Tax Returns);

(iii) as of the date hereof, neither the Company, SCI LLC nor any of the Foreign Entities has executed (or had executed on its behalf) any outstanding waivers or comparable consents regarding the application of the statute of limitations with respect to any material Taxes or Tax Returns;

(iv) no claim has ever been made in writing addressed to Motorola, the Company, SCI LLC or any Foreign Entity by any authority in a jurisdiction where

neither the Company, SCI LLC nor any of the Foreign Entities files Tax Returns that the Company, SCI LLC or any Foreign Entity is or may be subject to taxation by that jurisdiction;

(v) as of the date hereof, there are no Liens with respect to any material Taxes upon any of the assets and properties of the Company, SCI LLC or the Foreign Entities;

(vi) the Company, SCI LLC and the Foreign Entities have paid in full or set up reserves in accordance with GAAP in respect of all Taxes for the periods covered by such Tax Returns, as well as all other Taxes, penalties, interest, fines, deficiencies, assessments and governmental charges that have become due or payable (including, without limitation, all Taxes that the Company, SCI LLC and the Foreign Entities are obligated to withhold from amounts paid or payable to or benefits conferred upon employees, creditors and third parties). As of the date hereof, there is no proposed liability for any material Tax to be imposed upon the Company, SCI LLC or any of the Foreign Entities for the tax periods (or portions thereof) ending on or prior to the Closing Date for which there is not an adequate reserve (regardless of whether the liability for such Taxes is disputed); and

(vii) the transactions contemplated by this Agreement will not result in the payment or series of payments by the Company, SCI LLC or any of the Foreign Entities to any person of an "excess parachute payment" within the meaning of section 280G of the Internal Revenue Code of 1986, as amended (the "CODE"), or any other compensation payment which is not deductible for federal income tax purposes under the Code.

(b) Except for the complete and accurate copies of the tax sharing agreements made available to Buyer prior to the execution of this Agreement, no contracts or

agreements relating to the apportionment, allocation or sharing of Taxes exist among Motorola or Affiliates of Motorola and the Company, SCI LLC or any of the Foreign Entities.

(c) Set forth on the Disclosure Letter is a complete list of income and other material Tax Returns filed by the Company, SCI LLC or any of the Foreign Entities, or in which the Company, SCI LLC or any of the Foreign Entities were included, or otherwise relating to the Business, pursuant to the laws or regulations of any federal, state, local or foreign Tax authority, that have been examined or audited by the IRS or other appropriate authority during the preceding three years, and a list of all adjustments relating to the income, assets, or operations of such Foreign Entities or the Business resulting from each such examination or audit. Except as set forth on the Disclosure Letter, no such examination or audit is in progress. Except as set forth on the Disclosure Letter, all deficiencies relating to the income, assets, or operations of such Foreign Entities or the Business, proposed as a result of such examinations or audits have been paid or finally settled and no issue has been raised in any such examination or audit that, by application of similar principles, reasonably can be expected to result in the assertion of a deficiency for any other tax period (or portion thereof) ending on or prior to the Closing Date not so examined or audited and for which the statute of limitations (taking into account extensions) has not expired. There are no grounds for any liability for the Taxes of a person other than the Company, SCI LLC or the Foreign Entities under Treasury Regulations section 1.1502-6 (or any similar provision of foreign, state, or local Tax law), as transferee or successor, by contract, or otherwise.

(d) The Company, SCI LLC and the Foreign Entities have not executed (or had executed on their behalf) any closing agreement pursuant to section 7121 of the Code or any predecessor provision thereof, or any similar provision of state, local or foreign law.

(e) No Tax is required to be withheld pursuant to section 1445 of the Code as a result of any transfers or deemed transfers contemplated by this Agreement.

(f) None of the Company or the Foreign Entities has filed a consent pursuant to section 341(f) of the Code or agreed to have section 341(f)(2) of the Code apply to any disposition of a subsection f asset (as such term is defined in section 341(f)(4) of the Code) owned by the Company or the Foreign Entities.

(g) None of the assets owned by the Company, SCI LLC or the Foreign Entities is property that is required to be treated as owned by any other person pursuant to section 168(f)(8) of the Internal Revenue Code of 1954, as amended, as in effect immediately prior to the enactment of the Tax Reform Act of 1986 or is "tax-exempt use property" within the meaning of section 168(h) of the Code.

(h) Neither the Company, SCI LLC nor any of the Foreign Entities has agreed or is required to make any adjustments pursuant to section 481(a) of the Code or any similar provision of state, local, or foreign law by reason of a change in accounting method initiated by it or any other relevant party and neither the Company, SCI LLC nor any of the Foreign Entities has received any notice in writing from the IRS or other relevant authority proposing any such adjustment or change in accounting method, nor does the Company, SCI LLC or any Foreign Entity have any application pending with any governmental or regulatory authority requesting permission for any changes in accounting methods that relate to the Business or assets of the Company, SCI LLC or any of the Foreign Entities.

(i) Motorola has not filed an election under Rev. Proc. 91-11, 1991-1 C.B. 470, as modified by Rev. Proc. 91-39, 1991-2 C.B. 694, or Rev. Proc. 95-39, 1995-2 C.B. 399.

(j) The Company has maintained the books and records required to be maintained pursuant to section 6001 of the Code and the rules and regulations thereunder, and comparable laws, rules and regulations of the countries, states, counties, provinces, localities and other political divisions wherein it is required to file material Tax Returns and other reports relating to Taxes.

(k) Except as set forth in the Disclosure Letter, prior to the Closing Date the Company, SCI LLC and the Foreign Entities have taken no action, or omitted or failed to take any action, that might jeopardize the availability, scope or duration of any income tax holiday under the laws of the Philippines for which Motorola Philippines, Inc. ("MPI") would otherwise be eligible with respect to MPI's Carmona, Philippines facility, and MPI is currently eligible, pursuant to the Philippines Omnibus Investments Code of 1987, for an exemption from income tax in the Philippines with regard to all income earned by its Carmona, Philippines facility prior to the first day of August, 2001.

(l) The Disclosure Letter lists each Foreign Entity for which an election has been made pursuant to section 7701 of the Code and regulations thereunder to be treated as other than its default classification for U.S. federal income tax purposes. Except as set forth on the Disclosure Letter, each Foreign Entity will be classified for U.S. federal income tax purposes according to its default classification.

8.17 ENVIRONMENTAL MATTERS. Except as set forth in the Disclosure Letter, and except in all cases as, alone or in the aggregate, has not had and would not have a Material Adverse Effect, and in all cases as of the Closing Date: (i) the Business has obtained all applicable approvals and Company Permits which are required to be obtained under applicable Environmental Laws and such approvals and Company Permits are in full force and effect, and

timely request for renewal has been made, if applicable; (ii) the Business is in compliance with all terms and conditions of such required approvals and Company Permits; (iii) the Business and the facilities and operations of the Business are not in violation of any applicable Environmental Laws; (iv) the Business has not received any written Governmental Authority communication or third-party notice of any violations of Environmental Laws; (v) the Business has not received any administrative, regulatory or judicial action, suit or demand letter by any Governmental Authority or other Person alleging noncompliance or violation of any Environmental Laws by the Business, or, to the extent such allegations relate to the Business or the Real Property, by any prior owner of the Real Property; and (vi) the Business has not received any administrative, regulatory or judicial action, suit or demand letter by any Person alleging or asserting any Environmental Liability. This SECTION 8.17 sets forth the sole and exclusive representations and warranties of Motorola and the Business with respect to environmental matters, including without limitation any matters arising under Environmental Laws.

8.18 YEAR 2000. The Disclosure Letter sets forth a true and correct description of Motorola's Year 2000 plan ("YEAR 2000 PLAN"). The statements made in such description of the Year 2000 Plan are true, correct and complete in all material respects. Motorola, as of the date hereof, has, or has caused to be, taken all reasonable steps, and made every reasonable effort, to substantially comply with, implement, carry out and effectuate all of the requirements, steps, measures and procedures, and meet all the guidelines and deadlines, as set forth in such plan. To Motorola's Knowledge, there is no event, occurrence, condition or reason that would prevent, or interfere with, the implementation of the Year 2000 Plan substantially in accordance with the guidelines and deadlines set forth in such plan.

8.19 PRODUCT LIABILITY AND RECALLS. (a)Except as disclosed in the Disclosure Letter, there is, and for the past 12 months there have been, no pending or, to Motorola's Knowledge, threatened claim, action, suit, proceeding, arbitration or investigation against any Transferor or SCG Party with respect to the Business for injury to person or property of employees or any third parties suffered as a result of the sale of any product or performance of any service by the Business, including claims arising out of the alleged defective or unsafe nature of its products or services, which would have a Material Adverse Effect.

(b) Except as disclosed in the Disclosure Letter, there is no pending or, to Motorola's Knowledge, overtly threatened recall or investigation of any product sold by the Business which recall or investigation would have a Material Adverse Effect.

8.20 RELATED PARTY TRANSACTIONS. Except as disclosed in the Disclosure Letter and except as provided in the Collateral Agreements, none of Motorola, SCG senior management (including the senior SCG management official in each Principal Location), or any of Motorola's Affiliates (which are not natural persons): (i) owns, directly or indirectly, on an individual or joint basis, any material interest in, or serves as an officer or director of, any customer, competitor or supplier of the Business or any organization which has a Material Contract (in each case as to any material interest or Material Contract of the Business which will survive the Closing Date); or (ii) has any Material Contract with any SCG Party which is not on arms-length terms, other than as disclosed in the Disclosure Letter (in each case as to any Material Contract which will survive the Closing Date). The Disclosure Letter will disclose any Indebtedness between Motorola or any of its Affiliates on the one hand and any SCG Party on the other hand which would constitute an Assumed Liability at the date hereof or at the Closing Date, after giving effect to the consummation of the transactions contemplated hereunder.

8.21 NECESSARY ASSETS AND RIGHTS. Upon the consummation of the transactions contemplated by this Agreement, the Collateral Agreements and the Reorganization Agreement, except as set forth in the Disclosure Letter, the assets, properties and rights of each SCG Party as of the Closing Date (including rights under the Collateral Agreements) will include all of the material assets, properties and rights of every type and description, real, personal and mixed, tangible and intangible, used in and necessary for the conduct of the Business as presently conducted and will enable the SCG Parties to manufacture, sell and distribute Products in a manner consistent with the present conduct of the Business; PROVIDED, that no representation is made (i) as to the adequacy of the level of working capital of the Business or (ii) with respect to intellectual property matters (all intellectual property matters are governed by the IP Agreement); and PROVIDED, FURTHER, that the representations and warranties in this SECTION 8.21 shall not apply to the business, assets, properties or rights of any Joint Ventures.

8.22 CONTRACTS, AGREEMENTS AND INSTRUMENTS GENERALLY. The Disclosure Letter sets forth all contracts, agreements, commitments, arrangements, indentures, loans, mortgages, notes, leases, and other instruments of any kind or character (whether oral or written) to which any Motorola Transferor or SCG Party is a party relating to the Business and which constitute part of the Assumed Liabilities (collectively, the "CONTRACTS") that involve a receipt or an expenditure or require the performance of services or delivery of goods to, by, through, on behalf of or for the benefit of the Business, in each case where the amount delivered or received, or the outstanding obligation was in excess of $5.0 million in 1998. The Disclosure Letter also identifies (whether oral or written) the following additional Contracts:

(a) Contracts in effect with the top 50 customers of the Business for 1998 by revenue, including, without limitation, all management agreements, consulting services

agreements, purchase commitments or service agreements (hereinafter referred to as the "CUSTOMER CONTRACTS");

(b) leases, rental agreements or other contracts or commitments affecting the ownership or leasing of, title to or use of any interest in real or personal property included in the Purchased Assets with payments equal to or greater than $100,000 per month and all maintenance or service agreements relating to any real or personal property with payments equal to or greater than $100,000 per month;

(c) material employment or consulting Contracts or arrangements regarding employees or independent contractors (including, without limitation, any standard form contracts such as employee nondisclosure agreements) or other Contracts providing for any continuing payment or benefit of any type or nature, including, without limitation, any severance, termination, parachute, or other payments (whether due to a change in control, termination or otherwise) and bonuses and vested commissions for any senior management employees of the Business;

(d) Contracts restricting any Motorola Transferor or SCG Party from carrying on the Business anywhere in the world;

(e) Contracts evidencing or related to indebtedness for money borrowed or to be borrowed, whether directly or indirectly, by way of purchase-money obligation, guaranty, subordination, conditional sale, lease-purchase or otherwise providing for payments in excess of $100,000 per month and constituting part of the Assumed Liabilities;

(f) joint product development Contracts with any party other than Motorola and its Affiliates, other than Customer Contracts; and

(g) joint venture, partnership or similar Contracts.

The contracts, agreements, commitments and other instruments required to be listed in the Disclosure Letter by this SECTION 8.22 are herein referred to as the "MATERIAL CONTRACTS." The revenue to which the Customer Contracts relates represents at least 80.0% of the total revenue of the Business for the year ended December 31, 1998.

All the Material Contracts are valid and binding upon the respective Existing SCG Entities and, to Motorola's Knowledge, the other parties thereto and are in full force and effect and enforceable in accordance with their terms, except as enforceability may be affected by bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally and general principles of equity relating to the availability of equitable remedies. None of the Motorola Transferors or any SCG Party nor, to Motorola's Knowledge, any other party to any Material Contract has breached or provided any written notice of an intent to breach, in any material respect, any provision of, or is in default in any material respect under, the terms thereof.

8.23 REORGANIZATION AGREEMENT. Each of the representations and warranties of the Transferors contained in the Reorganization Agreement is true and correct in all material respects.

8.24 ORDERS, COMMITMENTS AND RETURNS. As of April 3, 1999, the 13-week financial backlog for the sale of Products entered into by the Motorola Transferors or the Company in connection with the Business is approximately $337.0 million, all of which Products were sold in the ordinary course of business.

8.25 ACCOUNTS RECEIVABLE; INVENTORY. (a) Subject to any allowances set forth in the balance sheets of SEI, MPI and MSSB previously delivered to TPG Acquisition, the accounts receivable shown in such balance sheets arose in the ordinary course of business; were not, as of

the date of such balance sheets, subject to any material discount, contingency, claim of offset or recoupment or counterclaim; and represented, as of the date of such balance sheets, bona fide claims against debtors for sales, leases, licenses and other charges.

(b) As of the Balance Sheet Date, the net inventories shown on the Balance Sheet consisted in all material respects of items of a quantity and quality usable or salable in the ordinary course of business. All such inventories are valued on the Balance Sheet in accordance with GAAP and the historical inventory valuation policies of the Business of the lower of cost or market, and allowances have been established on the Balance Sheet Date, for slow-moving, obsolete or unusable inventories.

8.26 MAJOR SUPPLIERS. Except as described in the Disclosure Letter, none of the 25 largest suppliers of the Business in terms of purchases with respect to each of the years ended December 31, 1997 and December 31, 1998 has ceased doing business with the Existing Motorola Non-U.S. Entities and/or the Company or materially and adversely changed its relationship with the Existing Motorola Non-U.S. Entities and/or the Company and, to Motorola's Knowledge, none of such suppliers intended to cease doing business with the Existing Motorola Non-U.S. Entities and/or the Company or to materially and adversely change its relationship with the Existing Motorola Non-U.S. Entities and/or the Company.

8.27 ABSENCE OF CERTAIN PRACTICES . None of the Existing Motorola Non-U.S. Entities, the Company or any director, officer, agent, employee or other person acting on their behalf has used any corporate or other funds for unlawful contributions, payments, gifts or entertainment, or made any unlawful expenditures relating to political activity to, or on behalf of, governmental officials or others or accepted or received any unlawful contributions, payments,

gifts or expenditures, except for any such activity in each case as would not reasonably be expected to result in a Material Adverse Effect.

8.28 DISCLAIMERS OF MOTOROLA. NOTWITHSTANDING ANYTHING CONTAINED IN THIS ARTICLE VIII OR ANY OTHER PROVISION OF THIS AGREEMENT, TPG ACQUISITION AND MOTOROLA ACKNOWLEDGE AND AGREE THAT NONE OF MOTOROLA OR ANY OF ITS AFFILIATES, AGENTS, EMPLOYEES OR REPRESENTATIVES IS MAKING, WHETHER CONTAINED IN OR REFERRED TO IN THE EVALUATION MATERIALS THAT HAVE BEEN OR SHALL HEREAFTER BE PROVIDED TO TPG ACQUISITION OR ANY OF ITS AFFILIATES, AGENTS OR REPRESENTATIVES (SUCH MATERIALS COLLECTIVELY, THE "EVALUATION MATERIALS"), ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED BEYOND THOSE EXPRESSLY GIVEN BY MOTOROLA IN THIS AGREEMENT, THE REORGANIZATION AGREEMENT AND THE COLLATERAL AGREEMENTS, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OR REPRESENTATION AS TO THE VALUE, CONDITION, MERCHANTABILITY OR SUITABILITY AS TO ANY OF THE PROPERTIES OR ASSETS OF THE BUSINESS CARRIED OUT BY MOTOROLA.

ARTICLE IX

WARRANTIES AND REPRESENTATION OF TPG ACQUISITION AND TPG HOLDING

TPG Acquisition and TPG Holding, jointly and severally, warrant and represent to and covenant with Motorola as follows:

9.1 TPG HOLDING - DULY ORGANIZED. TPG Holding is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation or

organization, with corporate power and authority to own its properties and to conduct its business as now conducted. TPG Holding was recently organized and has no significant assets or liabilities other than those relating to the Merger.

9.2 TPG ACQUISITION - DULY ORGANIZED. TPG Acquisition is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, with corporate power and authority to own its properties and to conduct its business as now conducted. TPG Acquisition was recently organized and has no significant assets or liabilities other than those relating to the Merger.

9.3 TPG ACQUISITION - CAPITAL STOCK. The authorized capital stock of TPG Acquisition consists of 1,000 shares of common stock, par value $0.01 per share, 1,000 of which shares are validly issued and outstanding, fully paid and nonassessable and are owned by TPG Holding, free and clear of all liens, claims, security interests and encumbrances.

9.4 REQUIRED CORPORATE ACTION. TPG Acquisition and TPG Holding have each taken all requisite corporate action to approve this Agreement and the Merger.

9.5 BINDING AGREEMENT. This Agreement has been duly authorized, executed and delivered by TPG Acquisition and TPG Holding and is binding upon, and enforceable against each of TPG Acquisition and TPG Holding in accordance with its terms and conditions, except as the enforceability thereof may be subject to or limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally and judicial limitations upon the specific performance of certain types of obligations.

9.6 NO CONFLICTS. Neither the execution, delivery or performance of this Agreement by TPG Acquisition and TPG Holding, nor the consummation of the Merger or any

other transaction contemplated hereby, does or will, after the giving of notice, or the lapse of time, or otherwise:

(a) conflict with, result in a breach of, or constitute a default under, the charter or By-Laws of TPG Acquisition or TPG Holding, or any U.S. or non-U.S., federal, state or local law, statute, code, ordinance, rule or regulation generally applicable to transactions of the type contemplated hereby, or any U.S. or non-U.S., federal, state or local court or administrative order or process to which TPG Acquisition or TPG Holding is a party, or any contract, agreement, arrangement, commitment or plan to which TPG Acquisition or TPG Holding is a party, or under which TPG Acquisition or TPG Holding may be obligated, or by which TPG Acquisition or TPG Holding or any of their respective rights, properties or assets may be subject or bound which conflict, breach or default, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect;

(b) result in the creation of any mortgage, pledge, lien, claim, charge, encumbrance or assessment upon any of the rights, properties or assets of TPG Acquisition or TPG Holding which could reasonably be expected to have a material adverse effect on the ability of TPG Acquisition or TPG Holding to consummate the transactions contemplated hereby; or

(c) terminate, amend or modify, or give any party the right to terminate, amend, modify, abandon or refuse to perform or comply with, any contract, agreement, arrangement, commitment or plan to which TPG Acquisition or TPG Holding is a party, or under which TPG Acquisition or TPG Holding may be obligated, or by which TPG Acquisition or TPG Holding or any of the rights, properties or assets of TPG Acquisition or TPG Holding may be subject or bound, in each case as could reasonably be expected to have a

material adverse effect on the ability of TPG Acquisition or TPG Holding to consummate the transactions contemplated hereby.

9.7 FINANCING. The TPG Financing Commitments are binding commitments and have not been amended or modified or withdrawn or rescinded in any respect; and neither TPG Acquisition nor TPG Holding is aware of any fact, event or circumstance which would have a detrimental effect on the ability to consummate the financing contemplated by the TPG Financing Commitments. The funds committed under the TPG Financing Commitments, together with the consideration to be paid by TPG Acquisition pursuant to the TPG Stock Purchase, are sufficient to enable the Company to pay the Redemption Cash Consideration, to pay all related fees and expenses (including the TPG Stock Purchase) of TPG Acquisition or TPG Holding in connection with the transactions contemplated hereunder and to provide for the anticipated working capital needs of the Company following the consummation of the transactions contemplated hereunder (the financing necessary to provide such funds being hereinafter referred to as the "FINANCING"). The TPG Financing Commitments are in full force and effect as of the date hereof. There are no conditions precedent or other contingencies related to the funding of the full amount of the Financing other than as set forth in or contemplated by the TPG Financing Commitments. All fees required to be paid by TPG Acquisition or TPG Holding on or prior to the date hereof in respect of the TPG Financing Commitments have been paid.

9.8 INSPECTIONS; LIMITATION OF WARRANTIES. TPG Acquisition and TPG Holding are informed and sophisticated participants in the transactions contemplated by this Agreement and have undertaken such investigation, and have been provided with and have evaluated certain documents and information in connection with the execution, delivery and performance of this

Agreement. TPG Acquisition and TPG Holding acknowledge that they are acquiring the Business without any representation or warranty, express or implied, by Motorola or any of its Affiliates except as expressly set forth herein, in the Reorganization Agreement and in the Collateral Agreements, and TPG Acquisition and TPG Holding acknowledge that no representation or warranty, express or implied not expressly set forth herein, in the Reorganization Agreement or in the Collateral Agreements shall form the basis of any claim against Motorola or any of its advisors, or any of their respective Affiliates or representatives with respect to the transactions contemplated hereby. With respect to any financial projection or forecast delivered on behalf of Motorola to TPG Acquisition or TPG Holding, TPG Acquisition and TPG Holding acknowledge that there are uncertainties inherent in attempting to make such projections and forecasts and that they are familiar with such uncertainties and acknowledge that Motorola has not made any representation or warranty with respect to such projections or forecasts.

9.9 CONSENTS. Except as set forth in the Required Consents and Approvals, no consent, approval, or authorization of, or exemption by, or filing with, any governmental authority is required to be obtained or made by TPG Acquisition or TPG Holding in connection with the execution, delivery and performance by TPG Acquisition or TPG Holding of this Agreement or the taking by TPG Acquisition or TPG Holding of any other action contemplated hereby, except for any of the foregoing that in the aggregate would not (i) materially hinder or impair the consummation of the transactions contemplated hereby or thereby or (ii) materially interfere with the ability of TPG Acquisition or TPG Holding to conduct the Business after the Closing in substantially the same manner in which the Business was conducted prior to the

Closing. No statute, rule or regulation, or order of any court or administrative agency prohibits TPG Acquisition or TPG Holding from consummating the transactions contemplated hereby.

9.10 LITIGATION. There are no actions, suits, investigations, or proceedings pending or, to the knowledge of TPG Acquisition or TPG Holding, threatened (i) against TPG Acquisition, TPG Holding or any of their respective Affiliates which if adversely determined would materially hinder or impair the ability of TPG Acquisition or TPG Holding to perform its obligations under this Agreement, or (ii) that seek to enjoin or obtain damages (which damages could reasonably be expected to have a material adverse change in or effect upon the business, financial condition or results of operations of TPG Acquisition or TPG Holding taken as a whole) in respect of the consummation of the transactions contemplated hereby. None of TPG Acquisition, TPG Holding or any of their respective Affiliates is subject to any outstanding orders, rulings, judgments, or decrees that would have a material adverse effect on the ability of TPG Acquisition or TPG Holding to perform its obligations under this Agreement.

Article X

TAX MATTERS

10.1 TAX INDEMNIFICATION. Except as otherwise provided in this Agreement (including SECTION 3.8), as among the parties hereto, Motorola shall be responsible for and pay, and shall indemnify and hold each Tax Indemnitee harmless from any and all Taxes levied or imposed on the Company, SCI LLC or any of the Foreign Entities in respect of its income, business, property or operations or for which the Company, SCI LLC or such Foreign Entity may otherwise be liable (i) for any period ending prior to or on the Closing Date, including the portion of any Straddle Period ending on the Closing Date, and including Taxes arising out of the transactions and deemed transactions contemplated in this Agreement, (ii) for any obligation to

contribute to the payment of a Tax determined on a consolidated, combined, or unitary basis with respect to a group of corporations of which Motorola or any subsidiary of Motorola (other than the Company or a Subsidiary of the Company), is or was the common parent, (iii) arising out of a breach of the representations contained in Section 7.16 hereof, (iv) for any costs or expenses of contests or controversies relating to Taxes indemnified hereunder, or (v) a sale occurring on or prior to the Closing Date that is accounted for under the installment method of accounting as defined in section 453(c) of the Code (or any corresponding provision of state, local or foreign income Tax law). Any indemnity payment required to be made by Motorola pursuant to this Section 10.1 shall be made within 30 days of written notice from the Company.

10.2 APPORTIONMENT OF TAXES.

(a) With respect to any Taxes imposed upon Company, SCI LLC or the Foreign Entities that are payable with respect to a Straddle Period, the portion of any such Taxes that are allocable to the portion of the Straddle Period ending on the Closing Date shall, (1) in the case of Taxes that are either (x) based upon or related to income, receipts or shareholders' equity or (y) imposed in connection with any sale, transfer or assignment or any deemed sale, transfer or assignment of property (real or personal, tangible or intangible) be deemed equal to the amount that would be payable if the Tax year ended on the Closing Date and (2) in the case of Taxes (other than those described above in clause (1)) imposed on a periodic basis with respect to the Company, SCI LLC or the Foreign Entities or otherwise measured by the level of any item, be deemed to be the amount of such Taxes for the entire Straddle Period (or, in the case of Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding Tax period) multiplied by a fraction, the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Closing Date and the

denominator of which is the number of calendar days in the entire Straddle Period. For purposes of clause (1) of the preceding sentence, any exemption, deduction, credit or other item that is calculated on an annual basis shall be allocated to the portion of the Straddle Period ending on the Closing Date on a pro rata basis determined by multiplying the entire amount of such item allocated to the Straddle Period by a fraction, the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period. In the case of any Tax based upon or measured by capital (including net worth or long-term debt) or intangibles, any amount thereof required to be allocated under this Section 10.2(a) shall be computed by reference to the level of such items on the Closing Date.

(b) Motorola shall be entitled to any refunds or credits (including any interest paid or credited with respect thereto) in respect of any liability for any Tax of Motorola or any of its Affiliates (including, without limitation, the Company, SCI LLC and the Foreign Entities), for any Tax periods or portion thereof ending on or before the Closing Date (including any Taxes allocated to such period under SECTION 10.2(a) hereof) or for which Motorola is otherwise liable under SECTION 10.1. Except as provided in SECTION 3.8, the Company shall be entitled to any refunds or credits (including any interest paid or credited with respect thereto) in respect of any liability for any Tax of the Company or any of its Affiliates, for any Tax periods or portion thereof beginning after the Closing Date (including any Taxes allocated to such period under SECTION 10.2(a) hereof) and for which Motorola does not have an indemnification obligation under SECTION 10.1. Each party shall cause any amount to which the other party is entitled under this SECTION 10.2(b), but which is received or credited to the party not so entitled or any of such party's Affiliates, at any time after the Closing Date, to be paid to the party so

entitled in immediately available funds promptly after receipt (or, if the amount of the credit or refund is applied against any other liability of the party not so entitled, within ten days of the notice of such application).

10.3 TAX RETURNS.

(a) (i) Motorola shall be responsible for the timely filing (taking into account any extensions received from the relevant tax authorities) of all Tax Returns required by law to (A) be filed by the Company, SCI LLC or any of the Foreign Entities or any of its Subsidiaries, on or prior to the Closing Date or (B) include the Company, SCI LLC or the Foreign Entities in a consolidated, combined or unitary Tax Return filed by Motorola or any Affiliate (other than any Tax Indemnitee) with respect to any taxable period ending prior to or including the Closing Date, (ii) such Tax Returns shall be correct and complete in all material respects, and (iii) all Taxes indicated as due and payable on such Tax Returns shall be paid or will be paid by Motorola as and when required by law, except for such Taxes which are the responsibility of the Company and SCI LLC pursuant to SECTION 3.8 which the Company or SCI LLC shall pay (as and when required by law). Such Tax Returns shall be prepared and filed on a basis consistent with those prepared for prior taxable periods unless a different treatment of any item is required by an intervening change in law, closing agreement or other settlement entered into with a taxing authority, or decision of a judicial authority.

(b) The Company, SCI LLC and the Foreign Entities (or, where relevant, the combined or consolidated group of which the Company or the Foreign Entities are members) shall be responsible for the timely filing (taking into account any extensions received from the relevant tax authorities) of all Tax Returns required by law to be filed by the Company, SCI LLC or any of the Foreign Entities, or to include the Company, SCI LLC or the Foreign

Entities, after the Closing Date, it being understood that all Taxes indicated as due and payable on such returns shall be the responsibility of the Company, except for such Taxes which are the responsibility of Motorola pursuant to this ARTICLE X and SECTION 3.8 which Motorola shall pay (as and when required by law).

10.4 SURVIVAL. All obligations under this ARTICLE X shall survive the Closing hereunder and continue until 30 days following the expiration of the statute of limitations on assessment of the relevant Tax. Notwithstanding the foregoing, any claim for indemnification shall survive such termination date if any party, prior to such termination date, shall have advised the other party in writing of facts that constitute or may give rise to an alleged claim for indemnification under this ARTICLE X (such claim, a "TAX CLAIM"), specifying in reasonable detail the basis under this Agreement for such claim.

10.5 EXCLUSIVE REMEDY. Notwithstanding anything to the contrary in this Agreement, all matters relating to Taxes will be governed exclusively by this ARTICLE X following the Closing.

10.6 CONTESTS. Provided that Motorola does not dispute its obligation to indemnify the Tax Indemnitees for the asserted liability, Motorola shall, at its election, have the right to represent the Company's, SCI LLC's or any of the Foreign Entities', as the case may be, interests in the portion of any Contest (as defined below) relating to any Tax issue for which Motorola is responsible to indemnify a Tax Indemnitee pursuant to this Agreement, employ counsel of its choice at its expense and control the conduct of such Contest. For any such Contest the Tax Indemnitees and Motorola agree that the following provisions of this SECTION 10.6 will apply in handling any such claim. For purposes of this Agreement, a "Contest" is any audit, court proceeding or other dispute with respect to any Tax matter that affects the Company,

SCI LLC or any of the Foreign Entities, as the case may be. Unless the Company has previously received written notice from Motorola of the existence of such Contest, the Company shall give written notice to Motorola of the existence of any Contest relating to a Tax matter that is or may be Motorola's responsibility under this ARTICLE X within ten days from the receipt by the Company of any written notice of such Contest, but no failure to give such notice shall relieve Motorola of any liability hereunder except to the extent, if any, that the rights of Motorola with respect to such claim are actually prejudiced. Unless Motorola has previously received written notice from the Company of the existence of such Contest, Motorola shall give written notice to the Company of the existence of any Contest within ten days from the receipt by Motorola of any written notice of such Contest. The Company, on the one hand, and Motorola, on the other, agree, in each case at no cost to the other party, to cooperate with the other and the other's representatives in a prompt and timely manner in connection with any Contest. Such cooperation shall include, but not be limited to, making available to the other party, during normal business hours, all books, records, returns, documents, files, other information (including, without limitation working papers and schedules), officers or employees (without substantial interruption of employment) or other relevant information necessary or useful in connection with any Contest requiring any such books, records and files. Motorola shall consult with the Company regarding any such Contest and shall consider suggestions proposed by the Company (subject to Motorola's right to control the Contest of such issue), inform the Company in a timely manner of any material events concerning any such Contest, and shall allow the Company to monitor (at its own expense) any proceedings with respect to such Contest. If the Company is requested by Motorola to pay or, with respect to any Contest relating to any taxable period ending after the Closing Date which also involves any issue for which Motorola is not

responsible to indemnify a Tax Indemnitee, the Company, in its sole discretion, determines to pay (or have an Affiliate pay), the Tax claimed and sue for a refund, Motorola shall advance to the Company, or its Affiliate, as the case may be, on an interest-free basis, the amount of such claim (in which case Motorola shall be entitled to any refund received with respect to such Tax). Motorola shall have the right to settle or dispose of the portion of any Contest relating to a Tax issue for which Motorola is responsible to indemnify a Tax Indemnitee pursuant to this Agreement and in which it represents the Company pursuant to this SECTION 10.6 provided, however, that no settlement or other disposition of any claim for Tax which would adversely affect any Tax Indemnitee in any taxable period in any manner or to any extent (including, but not limited to, the imposition of income tax deficiencies, the reduction of asset basis and the reduction of loss or credit carryovers) shall be agreed to without the Company's prior written consent, which consent shall not be unreasonably withheld if Motorola agrees to fully reimburse the Tax Indemnitee for any such adverse effect.

10.7 CHARACTERIZATION AS PRICE ADJUSTMENT.

(a) All amounts paid pursuant to this Agreement by one party to another party (other than interest payments) shall be treated by such parties as an adjustment to the Purchase Price.

(b) If, contrary to the intent of the parties as expressed in SECTION 10.7(a) hereof, any payment made pursuant to this Agreement is treated as taxable income of the recipient, then the payor shall indemnify and hold harmless the recipient from any liability for Taxes attributable to the receipt of such payment. For the purposes of this SECTION 10.7(b), the indemnified party will be considered to be liable for Tax in respect of any payment treated as taxable income at the highest marginal tax rate then in effect for corporations in the jurisdiction

so characterizing the payment for the year such payment is considered to be earned by the indemnified party.

10.8 PRIOR TAX SHARING AGREEMENTS. This Agreement terminates and supersedes any and all other tax sharing or allocation agreements in effect on the date hereof as between Motorola or any predecessor or Affiliate thereof on the one hand, and the Company, SCI LLC or the Foreign Entities on the other hand, for all taxes imposed by any federal, state, foreign or local government or taxing authority, regardless of the period for which such taxes are imposed, and obligations of or to the Company, SCI LLC and the Foreign Entities pursuant to any such agreement shall be extinguished as of the Closing Date.

10.9 SECTION 338(h)(10) ELECTION. Motorola and TPG shall effect the timely filing of a completed Form 8023 and shall take such other steps, including those required by Form 8023 and Treasury Regulation section 1.338(h)(10)-1, as may be necessary to make an effective election for the Company, SCG China Holdings, Inc., SCG Czech Holdings, Inc. and SMP Holdings, Inc. pursuant to section 338(h)(10) of the Code with regard to the Merger. TPG and Motorola shall mutually prepare Form 8594 pursuant to Temporary Treasury Regulation Section 1.1060-1T or shall take such other action required pursuant to the Treasury Regulations under section 338(h)(10) of the Code to report the allocation of the Purchase Price, and shall take similar action with respect to any similar forms required to be filed under state, local, or foreign law (such allocation, including the determination of the aggregate deemed sales price ("ADSP") and modified aggregate deemed sales price ("MADSP") as defined in Treasury Regulations under Code Section 338 hereinafter referred to as the "Purchase Price Allocation"). The Purchase Price Allocation shall be mutually agreed to by TPG and Motorola in accordance with the principles applied in making the allocations set forth in EXHIBIT Q. Motorola and TPG agree

that any subsequent allocation necessary as a result of an adjustment to the consideration to be paid hereunder shall, to the extent possible, be made in a manner consistent with such original allocation. Neither Motorola nor TPG shall, nor permit any of their Affiliates to, file any Tax Return, or take any position with a Tax authority, that is inconsistent with the Purchase Price Allocation.

10.10 COOPERATION ON TAX MATTERS. After the Closing, TPG, the Company, SCI LLC and the Foreign Entities, on the one hand, and Motorola and Affiliates of Motorola, on the other hand, will make available to the other, as reasonably requested, and to any taxing authority, all information, records or documents relating to the liability for Taxes or potential liability of the Company, SCI LLC or any of the Foreign Entities for Taxes for all periods prior to or including the Closing Date and will preserve such information, records or documents until the expiration of any applicable statute of limitations or extensions thereof. TPG, Motorola and the Company agree to cooperate, and to cause their Affiliates to cooperate, with regard to any qualification or filing requirements or similar requirements relating to Taxes described in SECTION 3.8 for the purpose of minimizing such Taxes. Motorola agrees that it will promptly make (and cause its Affiliates to promptly make) all registrations and filings, and take all other actions necessary, to ensure that any refundable or creditable value-added tax (including, but not limited to, V.A.T. under the laws of Mexico and the Philippines and the consumption tax under the laws of Japan) paid by the Company, SCI LLC or any of the Foreign Entities in connection with the Reorganization will give rise to a credit or remittance to the payor in accordance with the laws of the state imposing such value-added tax, except that any such registration, filing or other action to be performed by the Company, SCI LLC or any of the Foreign Entities after the Closing Date shall be done promptly by the Company, SCI LLC or Foreign Entity, as the case may be.

Article XI

INDEMNIFICATION

11.1 SURVIVAL PERIODS. Except as provided in SECTION 10.4, all representations and warranties contained or made in, or in connection with, this Agreement or any certificate, document or other instrument delivered in connection herewith, shall survive the Closing for a period of eighteen (18) months; PROVIDED, HOWEVER, that the representations and warranties of Motorola in SECTION 8.16 shall survive until 30 days after the expiration of the applicable statute of limitations and the representations and warranties of Motorola in SECTION 8.17 shall survive for four years from the Closing Date. The covenants and agreements in this Agreement shall survive except to the extent they are specifically limited by their terms. Time periods for indemnities provided for in ancillary agreements will be governed by the provisions of such ancillary agreements.

11.2 INDEMNIFICATION BY MOTOROLA.

(a) Motorola hereby agrees to indemnify and hold harmless TPG Acquisition and the Company from and against any Damages suffered by TPG Acquisition, the Company or SCG Parties arising out of or resulting from (i) any inaccuracy in or breach by Motorola of its representations or warranties contained in this Agreement (it being understood that any claim pursuant to SECTION 8.4(a) shall be governed by clause (vi) of SECTION 11.2(a) and that any claim pursuant to SECTION 8.21 shall be governed by the provisions of SECTION 11.2(c)), (ii) any breach by Motorola of its obligations, covenants or agreements under this Agreement, (iii) Pre-Closing Environmental Liabilities; PROVIDED, that to the extent that the activities of TPG Acquisition, TPG Holding or the Company have been conducted solely for the purpose of creating a claim that is indemnifiable, Motorola will be relieved of its obligation under this

SECTION 11.2 with respect to such claim, (iv) any liabilities of the Company arising out of or resulting from conduct of the Company prior to April 30, 1999, (v) except as provided in SECTION 11.3, any Damages associated with Motorola's ownership, occupancy or use of the Real Property after the Closing Date and any operations related thereto, including but not limited to Damages associated with the Release of Hazardous Substances by Motorola or the protection of the environment, natural resources, or human health, (vi) any inaccuracy in or breach by Motorola of its representations and warranties contained in SECTION 8.4(a), (vii) the Retained Liabilities; or (viii) any obligations of Motorola to the Company for the allocation of assets disputed by the parties pursuant to Section 4.3 of the Reorganization Agreement, as such dispute is finally determined under Section 4.3 of the Reorganization Agreement. In the event that an indemnification claim can be made pursuant to more than one of the foregoing clauses of this SECTION 11.2(a), the Company shall have the right to elect the clause pursuant to which indemnification shall be claimed.

(b) Notwithstanding anything to the contrary in SECTION 11.2(a), (i) Motorola shall not be liable for claims arising under SECTION 11.2(a)(i) unless the aggregate of all such claims under SECTION 11.2(a) exceeds U.S. $5.0 million (the "DEDUCTIBLE AMOUNT"), at which point when such claims equal or exceed the Deductible Amount, Motorola shall be liable for, and provide indemnification with respect to, the amount of all such claims in excess of the Deductible Amount, and (ii) Motorola's liability (x) for claims arising under SECTION 11.2(a)(i), (ii) and (viii) and (y) for claims under Section 16(a)(ii)(Y) of the Transition Services Agreement in excess of U.S.$40.0 million shall not exceed in the aggregate U.S. $100.0 million (the "MAXIMUM AMOUNT"). There shall be no limitation on claims for indemnification pursuant to any other clause of SECTION 11.2(a).

(c) Any claim under SECTION 8.21 must first attempt to be resolved using the asset or liability dispute resolution method described in Section 4.3 of the Reorganization Agreement but shall otherwise be subject to the provisions of this ARTICLE XI, including, without limitation, SECTION 11.2(b).

(d) Any payment required to be made by Motorola after the Closing Date pursuant to this ARTICLE XI shall be made to the Company.

11.3 INDEMNIFICATION BY THE COMPANY. The Company hereby agrees to indemnify and hold harmless Motorola from and against any Damages suffered by Motorola or the Motorola Transferors arising out of or resulting from (i) any inaccuracy in or breach by TPG Acquisition or TPG Holding of its representations or warranties contained in this Agreement, (ii) any breach by TPG Acquisition or TPG Holding of its obligations, covenants or agreements under this Agreement, (iii) the Assumed Liabilities, or (iv) any obligations of the Company to Motorola for the allocation of assets disputed by the parties pursuant to Section 4.3 of the Reorganization Agreement, as such dispute is finally determined under Section 4.3 of the Reorganization Agreement. The Company agrees that it will be responsible for, and shall indemnify Motorola against, all Damages associated with TPG Acquisition's or TPG Holding's ownership, occupancy or use of the Real Property and any operations related thereto, after the Closing Date, including, but not limited to, Damages associated with the Release of Hazardous Substances or the protection of the environment, natural resources or human health, but exclusive of Pre-Closing Environmental Liabilities; PROVIDED, that to the extent that the activities of Motorola have been conducted solely for the purpose of creating a claim that is indemnifiable, the Company will be relieved of its obligation under this SECTION 11.3 with respect to such claim.

The Company's liability for claims arising under SECTION 11.3(iv) shall not exceed in the aggregate the Maximum Amount.

11.4 CERTAIN INDEMNITIES. Notwithstanding anything to the contrary in this ARTICLE XI, Motorola's obligation to indemnify the Company with respect to Non-assumed Tax Liabilities shall not be limited by this ARTICLE XI.

11.5 GENERAL INDEMNIFICATION PROCEDURES.

(a) In the event that any party incurs or suffers any Damages with respect to which indemnification may be sought by such party pursuant to this ARTICLE XI, the party seeking indemnification (the "INDEMNITEE") must assert the claim by giving written notice (a "CLAIM NOTICE") to the party from whom indemnification is sought (the "INDEMNITOR"). The Claim Notice must state the nature, basis and amount (if known) of the claim in reasonable detail based on the information available to the Indemnitee and, if the Claim Notice is being given with respect to a third party claim, it must be accompanied by a copy of any written notice from the third party claimant. If the Claim Notice is being given by reason of any third party claim, it shall be given in a timely manner but in no event more than 30 days after the filing or other written assertion of any such claim against the Indemnitee, but the failure of the Indemnitee to give the Claim Notice within such time period shall not relieve the Indemnitor of any liability for indemnification under this ARTICLE XI, except to the extent that the Indemnitor is actually prejudiced thereby. If the amount of the claim is not known at the time the Claim Notice is given, the Indemnitee shall also give notice of such amount to the Indemnitor at such time as the amount of the claim is reasonably ascertainable. Each Indemnitor to whom a Claim Notice is given shall respond to any Indemnitee that has given a Claim Notice (a "CLAIM RESPONSE") within 30 days (the "RESPONSE PERIOD") after the date that the Claim Notice is received by

Indemnitor. Any Claim Response shall specify whether or not the Indemnitor given the Claim Response disputes the claim described in the Claim Notice in whole or in part. If any Indemnitor fails to give a Claim Response within the Response Period, such Indemnitor shall be deemed not to dispute the claim described in the related Claim Notice. If any Indemnitor elects not to dispute a claim described in a Claim Notice, whether by failing to give a timely Claim Response or otherwise, then such claim shall be conclusively deemed to be an obligation of such Indemnitor.

(b) If any Indemnitor shall be obligated to indemnify any Indemnitee hereunder, then such Indemnitor shall pay to such Indemnitee within 30 days after the last day of the applicable Response Period (or at such later time as the amount is ascertainable) the amount to which such Indemnitee shall be entitled (which, where applicable, shall be subject to the procedures and limitations set out in SECTION 11.6).

(c) If there shall be a dispute as to the amount or manner of indemnification under this Agreement, then, except in the case of any such dispute involving an Environmental Liability (which, where applicable, shall be subject to the procedures and limitations set out in SECTION 11.6 and SECTION 11.7 in addition to the procedures set forth in this SECTION 11.5) or any Tax Liability (which, where applicable, shall be subject to the procedures and limitations set out in ARTICLE X), the Indemnitor and the Indemnitee shall seek to resolve such dispute through negotiations and, if such dispute is not resolved within 45 days of receipt by the Indemnitee of the Claims Response, the Indemnitee may pursue whatever legal remedies may be available for the recovery of the Damages claimed from any Indemnitor.

(d) If any Indemnitor fails to pay all or any part of any indemnification obligation on or before the later to occur of (x) 45 days after the last day of the applicable Response Period, and (y) if the Claim Notice relates to Damages that have not been determined

as of the date of the Claim Notice, the date on which all or any part of such Damages shall have become determined, then the Indemnitor shall also be obligated to pay to the Indemnitee interest on the unpaid amount for each day during which the obligation remains unpaid at an annual rate of six percent. The provisions of this SECTION 11.5(d) shall be in addition to, and not in lieu of, any interest or similar amounts which may comprise Damages.

(e) The Indemnitee shall provide to the Indemnitor on request all information and documentation reasonably necessary to support and verify any Damages that the Indemnitee believes give rise to the claim for indemnification hereunder and shall give the Indemnitor reasonable access to all books, records and personnel in the possession or under the control of the Indemnitee that would have a bearing on such claim.

(f) Except as hereinafter provided, in the case of third party claims for which indemnification is sought, the Indemnitor shall have the option: (x) to conduct any proceedings or negotiations in connection therewith, (y) to take all other steps to settle or defend any such claim (PROVIDED, that the Indemnitor shall not settle any such claim without the consent of the Indemnitee (which consent shall not be unreasonably withheld, it being understood that it shall not be unreasonable for the Indemnitee to withhold its consent from any settlement which (1) commits the Indemnitee to take, or to forbear to take, any action, (2) requires the Indemnitee to admit fault or responsibility or (3) does not provide for a complete release of the Indemnitee by such third party) and (z) to employ counsel to contest any such claim or liability in the name of the Indemnitee or otherwise. In any event, the Indemnitee shall be entitled to participate at its own expense and by its own counsel (a "VOLUNTARY PARTICIPATION") in any proceedings relating to any third party claim. The Indemnitor shall, within 45 days of receipt of the Claim Notice, notify the Indemnitee of its intention to assume the defense of the claim (a "DEFENSE NOTICE") with

counsel of the Indemnitor's choice (and reasonably acceptable to the Indemnitee) at the Indemnitor's expense. Notwithstanding the Indemnitor's election to assume the defense of such action, the Indemnitee shall have the right to employ separate counsel and to participate in the defense of such action, and the Indemnitor shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the Indemnitor to represent the Indemnitee would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the Indemnitor and the Indemnitee, and the Indemnitee shall have reasonably concluded that there may be legal defenses available to the Indemnitee which are different from or additional to those available to the Indemnitor (in which case the Indemnitor shall not have the right to assume the defense of such action on Indemnitee's behalf; (iii) the Indemnitor shall not have employed counsel to represent the Indemnitee within a reasonable time after delivery of the Defense Notice; or (iv) the Indemnitor shall authorize the Indemnitee to employ separate counsel at the Indemnitor's expense. Until the Indemnitee has received the Defense Notice, the Indemnitee shall take reasonable steps to defend (but may not settle without prior written approval from the Indemnitor) the claim. If the Indemnitor declines to assume the defense of any such claim or fails to give a Defense Notice within 45 days after receipt of the Claim Notice, the Indemnitee shall defend against the claim but shall not settle such claim without the consent of the Indemnitor (which consent shall not be unreasonably withheld). The expenses of all proceedings, contests or lawsuits (other than those incurred in a Voluntary Participation) with respect to claims as to which a party is entitled to indemnification under this ARTICLE XI shall represent indemnifiable Damages under this Agreement. Regardless of which party shall assume the defense of the claim, the parties shall cooperate fully with one another in connection therewith. Notwithstanding the foregoing, the Indemnitor shall not be

entitled (except with the consent of the Indemnitee) to take any of the actions referred to in clauses (x), (y) or (z) of the first sentence of this subparagraph unless: (a) the third party claim involves principally monetary damages; and (b) the Indemnitor shall have expressly agreed in writing that, as between the Indemnitor and the Indemnitee, the Indemnitor shall be solely obligated to satisfy and discharge such third party claim.

11.6 CERTAIN ENVIRONMENTAL INDEMNIFICATION PROCEDURES.

(a) MOTOROLA'S RIGHTS TO CONDUCT REMEDIATION. In addition to the other provisions of this ARTICLE XI, if any claim for indemnification is sought against Motorola with respect to any Pre-Closing Environmental Liability, the resolution of which involves or includes Remediation at Real Property owned or operated by TPG Acquisition or its Affiliates, including the Company at the time such Remediation is to be conducted, Motorola may, at its discretion, elect to assume full control over the Remediation in connection with any such claim. Upon receipt of notice of such election in writing from Motorola, the Company shall: (i) provide Motorola (and its duly authorized representatives and consultants) with access to the Real Property at all reasonable times to enable Motorola to perform such Remediation; PROVIDED, that unless required by a final order of a Governmental Authority, Motorola shall not undertake a Remediation at the Real Property without first obtaining the written consent of the Company which will not be unreasonably delayed or withheld; (ii) furnish Motorola with such relevant records, information, reports, studies, data, and cost estimates in the Company's possession; and (iii) participate in such conferences, proceedings, hearings, trials, or appeals regarding any Remediation as the Company chooses or Motorola shall reasonably request with sufficient advance notice. For any Remediation performed by Motorola, Motorola shall: (i) provide the Company with reasonable advance notice to allow the Company to participate in any

conferences, proceedings, hearings, trials, or appeals regarding any Remediation; and (ii) prior to submission to any Governmental Authority, provide the Company with a reasonable opportunity to review and approve, which approval shall not be unreasonably withheld, all proposals, reports, submissions, data, correspondence, or other documents; and (iii) consult with the Company regarding any action or lack of action that could reasonably be expected to interfere with the conduct of the Business or result in liability or obligations to the Company under law in effect at the time. In addition, Motorola and the Company may mutually agree, in writing, to allow the Company to assume full control over Remediation at any time during the course of the Remediation. In the event that the Company shall refuse to reasonably cooperate as set forth in this SECTION 11.6(a) with respect to the taking of a Remediation, Motorola shall have no further liability, including obligation to indemnify, to the Company with respect to the Remediation, except to the extent required by law or any Governmental Authority.

(b) THE COMPANY'S RIGHTS TO CONDUCT REMEDIATION. If Motorola and the Company agree to allow the Company to assume full control over Remediation pursuant to SECTION 11.6(a), the Company shall (i) after Motorola gives reasonable notice, permit representatives of Motorola (including advisors and consultants) to visit and inspect from time to time any properties to which such a claim for indemnification relates; (ii) after Motorola gives reasonable notice, allow Motorola to enter such properties from time to time for the purposes of conducting such environmental tests as Motorola may reasonably desire with respect to the Liability, all during normal business hours and at Motorola's expense; and (iii) prior to submission to any Governmental Authority, provide Motorola with a reasonable opportunity to review and approve, which approval shall not be unreasonably withheld, all proposals, reports, submissions, data, correspondence, or other documents related to the Remediation. In the event

that the Company assumes control of the Remediation and refuses to reasonably cooperate as set forth in this SECTION 11.6(b), Motorola shall have no further liability, including obligation to indemnify, to the Company with respect to the Remediation.

(c) MINIMIZATION OF REMEDIATION COSTS. Motorola and the Company agree to use their Reasonable Efforts to minimize costs of Remediations subject to indemnification under this ARTICLE XI, and, in deciding among various alternative courses of Remediation, due consideration shall be given to minimization of costs and minimization of disruption of operations or other use of the property by the Company; PROVIDED, that such Remediation shall be conducted in accordance with the requirements of any Governmental Authority. All Remediation subject to indemnification under this ARTICLE X shall be done in a manner to comply with applicable Remediation Standards and legal requirements but not solely for the purpose of increasing the market value of the property at which such Remediation is being done.

11.7 ALLOCATION OF SHARED REMEDIATION COSTS. Notwithstanding anything to the contrary in this ARTICLE XI, if a Remediation arises after Closing at the Real Property (other than such Real Property previously owned, leased, used, or occupied by the Joint Ventures) and it is unclear to the extent to which the Company is entitled to indemnification under SECTION 11.2 or Motorola is entitled to indemnification under SECTION 11.3 and for which it is otherwise unclear as to how the costs of such Remediation are to be allocated, Motorola and the Company shall allocate between them any costs of such Remediation in accordance with the following schedule. For the purposes of this SECTION 11.7, a Remediation shall be deemed to arise upon receipt by either party of a Claim Notice regarding the Remediation from the other party pursuant to SECTION 11.5.

(a) If the Remediation arises on or before 180 days after the Closing Date, the parties shall presume that the Remediation is related to Motorola's operation of the Business and Motorola shall bear 100% of the costs associated with, related to, or arising from the Remediation unless Motorola can prove that it is more likely than not that the Company's operation of the Business after the Closing Date that caused the costs of Remediation.

(b) If the Remediation arises more than 180 days after the Closing Date but on or before the Third Anniversary of the Closing Date, the parties shall presume that the Remediation is related jointly to Motorola's operation of the Business and to the Company's operation of the Business after the Closing Date. Motorola shall bear 75% and the Company shall bear 25% of the costs associated with, related to, or arising from the Remediation unless Motorola can prove that it is more likely than not that the Company's operation of the Business after the Closing Date, caused more than 25% of the cost of Remediation or the Company can prove that the Company's operation of the Business after the Closing Date, caused less than 25% of the cost of Remediation.

(c) If the Remediation arises after the Third Anniversary but on or before the Fourth Anniversary of the Closing Date, the parties shall presume that the Remediation is related jointly to Motorola's operation of the Business and to the Company's operation of the Business after the Closing Date. Motorola and the Company shall each bear 50% of the costs associated with, related to, or arising from the Remediation unless the Company can prove that it is more likely than not that Motorola's operation of the Business caused more than 50% of the costs of Remediation or Motorola can prove that Motorola's operation of the Business caused less than 50% of the cost of Remediation.

(d) If the Remediation arises after the Fourth Anniversary but on or before the Fifth Anniversary of the Closing Date, the parties shall presume that the Remediation is related jointly to Motorola's operation of the Business and to the Company's operation of the Business after the Closing Date. The Company shall bear 75% and Motorola shall bear 25% of the costs associated with, related to, or arising from the Remediation unless the Company can prove that it is more likely than not that Motorola's operation of the Business caused more than 25% of the costs of Remediation or Motorola can prove that Motorola's operation of the Business caused less than 25% of the cost of Remediation.

(e) If the Remediation arises after the Fifth Anniversary of the Closing Date, the parties shall presume that the Remediation is related to the Company's operation of the Business after the Closing Date and the Company shall bear 100% of the costs associated with, related to, or arising from the Remediation unless the Company can prove that it is more likely than not that Motorola's operation of the Business caused the costs of Remediation.

11.8 NET RECOVERY. The amount of any loss, damage or expense for which indemnification is sought under this ARTICLE XI shall be net of any amounts recovered by the Indemnitee under insurance policies, including, without limitation, any title insurance policy, or from any other third parties with respect to such indemnification claims and shall be reduced (or amounts paid by Indemnitor to Indemnitee shall be refunded) to take account of any related tax benefit actually realized from the Indemnitee's payment or incurrence of any loss, damage or expense.

11.9 CERTAIN LIMITATIONS. Motorola shall not have liability to TPG Acquisition for amounts claimed under SECTION 11.2(a)(i) or (ii) to the extent Motorola proves that any

member of the TPG Team had actual knowledge at the date of this Agreement of the facts and circumstances of the breach underlying such claim and the extent of such breach.

11.10 AVAILABILITY OF REMEDIES. (a) Each party acknowledges and agrees that, from and after the Closing, except as set forth in SECTIONS 10.5 and 11.10(b), the sole and exclusive remedy with respect to any and all claims relating to the subject matter of this Agreement and the Reorganization Agreement (other than equitable remedies where applicable) shall be pursuant to the indemnification provisions set forth in this ARTICLE XI.

(b) None of the provisions set forth in this Agreement shall be deemed a waiver by any party to this Agreement of any right or remedy which such party may have at law or equity based on any other party's fraudulent acts or omission, nor shall any such provisions limit, or be deemed to limit, the recourse which any such party may seek with respect to a claim for fraud. The parties to each Collateral Agreement shall have no remedy under this Agreement with respect to any claim arising under such Collateral Agreement and the sole and exclusive remedy with respect to any such claim shall arise from in the respective Collateral Agreement, subject to any limitation set forth therein. In addition, the parties to the Reorganization Agreement and all agreements entered into in connection with the transactions contemplated thereunder shall have no remedy under this Agreement with respect to any claim arising under any such agreement, other than with respect to (i) the Collateral Agreements, for which provision is made in the previous sentence and (ii) claims under Section 4.3 of the Reorganization Agreement, for which provision is made under SECTIONS 11.2 and 11.3.

ARTICLE XII

CONDITIONS OF CLOSING APPLICABLE TO TPG ACQUISITION AND TPG HOLDING

The obligations of TPG Acquisition and TPG Holding hereunder (including the obligation of TPG Acquisition and TPG Holding to close the transactions and consummate the Merger herein contemplated) are subject to the following conditions precedent:

12.1 NO TERMINATION. Neither TPG Acquisition nor Motorola shall have terminated this Agreement pursuant to SECTION 14.1.

12.2 BRING-DOWN OF WARRANTIES.

(a) The warranties and representations made by Motorola herein to TPG Acquisition and TPG Holding shall be true and correct on and as of the Closing Date with the same effect as if such warranties and representations had been made on and as of the Closing Date and Motorola shall have performed and complied with all agreements and covenants under SECTION 7.1 on its part required to be performed or complied with on or prior to the Closing Date except, in each case, where the failure of such warranties and representations to be true and correct or the failure to perform and comply with all such agreements and covenants shall not, in the aggregate, have a Material Adverse Effect (except that the representation and warranty made in the third sentence of SECTION 8.4(e) shall be true and correct in all respects) and (b) Motorola shall have performed and complied in all material respects with all agreements, covenants and conditions (other than as set forth in SECTION 7.1) on its part required to be performed or complied with on or prior to the Closing Date; and at the Closing, TPG Acquisition and TPG Holding shall have received a certificate executed by the President or any Vice President of Motorola to the foregoing effect.

12.3 NO PROCEEDINGS. (a) No investigation, action, suit, claim, arbitration or proceeding by any Governmental Authority, and no action, suit or proceeding by any other Person, shall be pending on the Closing Date which (i) challenges, or might result in a challenge to, this Agreement or the Merger or any other transaction contemplated hereby, or which claims, or might give rise to a claim for, damages in a material amount as a result of the consummation of the Merger and (ii) is not disclosed on the Disclosure Letter.

(b) No temporary restraining order, preliminary or permanent injunction, or other order, decree or judgment of any court, agency or other Governmental Authority or other legal restraint or prohibition shall be in effect which would prohibit, render unlawful or materially and adversely affect the ability of any party hereto to consummate, the transactions contemplated by this Agreement in accordance with its terms.

12.4 REORGANIZATION AGREEMENT. The transactions contemplated by the Reorganization Agreement shall have been substantially completed. Without limiting the foregoing, Motorola and the SCG Parties shall have executed and delivered the Collateral Agreements as provided in the Reorganization Agreement.

12.5 STOCKHOLDERS AGREEMENT. Motorola shall have executed the Stockholders Agreement with respect to the Company with the terms and provisions substantially as those set forth in the Term Sheet attached hereto as EXHIBIT R (the "STOCKHOLDERS AGREEMENT").

12.6 REQUIRED CONSENTS AND APPROVALS. The Required Consents and Approvals shall have been obtained in form and substance reasonably satisfactory to TPG Holding and shall be in full force and effect.

12.7 ADEQUATE FINANCING. The conditions to the funding contemplated by the TPG Financing Commitments with respect to the Financing shall have been satisfied in full or

waived, and the cash contemplated by such TPG Financing Commitments shall have been provided or made available to the SCG Parties.

12.8 ACCOUNTING TREATMENT. TPG Acquisition shall not have received after the date hereof written advice addressed to it from PricewaterhouseCoopers LLP ("PWC") to the effect that PWC has reasonably concluded that the ability to account for the transactions contemplated hereby as a "recapitalization" under the rules and regulations of the SEC shall have been materially and adversely affected by the occurrence of an event after the date hereof.

12.9 NECESSARY PROCEEDINGS. All proceedings to be taken in connection with the consummation of the transactions contemplated by this Agreement (including the delivery of documents pursuant to SECTION 5.2(a)) and the Reorganization Agreement and all documents incident thereto (other than proceedings and documents which, if not taken or delivered, would not prevent TPG Acquisition from recognizing substantially all of the benefits otherwise to be realized by it hereunder or at a Closing in which all such proceedings and documents had been taken or delivered), shall be reasonably satisfactory in form and substance to TPG Acquisition and its counsel, and TPG Acquisition shall have received copies of such documents as TPG Acquisition and its counsel may reasonably request in connection with said transactions.

12.10 EXPIRATION OF H-S-R WAITING PERIOD. The waiting period (including extensions thereof) required by the H-S-R Act shall have expired or been terminated.

12.11 DELIVERY OF FINANCIAL STATEMENTS. Motorola and the Company shall have furnished the Financial Information, in accordance with SECTION 7.6, to TPG Acquisition and to each of the financing providers under the TPG Financing Commitments.

12.12 INFORMATION TECHNOLOGY CONVERSION. Either (i) the Information Technology Systems shall have been cloned, as contemplated by the Information Technology

Termsheet included in the Interim Manufacturing/Transition Agreement, or (ii) a "shadow system" replicating the operation of the Information Technology Systems shall have been established and Motorola shall have furnished to TPG Holding and the Company reasonable commitments to complete such cloning process prior to December 31, 1999, in each case such that the Company shall be able to manage and record appropriately its working capital, cash flow and financial results of operations.

12.13 PENSION PLAN FUNDING. All amounts required to be paid or transferred by Motorola Transferor to an SCG Party at or prior to the Closing pursuant to the Employee Matters Agreement shall have been so paid or transferred.

12.14 JOINT VENTURE FINANCING. As of the Closing Date, the aggregate amount of funds that will be required in order to retire or repay all Indebtedness which constitute liabilities which are required to be reflected on a balance sheet in accordance with GAAP (as defined in SECTION 8.4(e) hereof) of the Leshan JV, SEI, Terosil and Tesla will not exceed (a) $95 million if the Closing occurs on or prior to September 1, 1999 or (b) $105 million if the Closing occurs after September 1, 1999 and prior to December 31, 1999.

12.15 INVENTORY. As of the Closing Date, the level of inventories of the SCG Parties constituting Purchased Assets shall be consistent with the inventory plan provided to TPG Holdings prior to the date hereof.

12.16 TITLE INSURANCE. Motorola shall have delivered to the Company (at Motorola's cost, except for the cost of any special endorsements or lender's coverage, which shall be borne by the Company) a customary final and binding commitment in form and substance agreeable to TPG Holding, by Commonwealth Land Title Insurance Company (or other mutually agreeable title insurance company) to insure Buyer's (and Buyer's mortgagee's)

title, both fee and leasehold, to the Premises and Buildings (each as defined in the Existing Ground Lease).

12.17 DELIVERY OF FINANCIAL INFORMATION. Motorola shall have delivered to TPG Holding the Financial Information in accordance with Section 7.6.

Except for the condition set forth in SECTIONS 12.4 and 12.10, TPG Acquisition and TPG Holding shall have the right to waive any of the foregoing conditions precedent.

ARTICLE XIII

CONDITIONS TO CLOSING APPLICABLE TO MOTOROLA

The obligations of Motorola hereunder (including the obligation of Motorola to close the transactions herein contemplated) are subject to the following conditions precedent:

13.1 NO TERMINATION. None of TPG Acquisition, TPG Holding or Motorola shall have terminated this Agreement pursuant to SECTION 14.1.

13.2 BRING DOWN OF WARRANTIES. All warranties and representations made by TPG Acquisition and TPG Holding herein to Motorola shall be true and correct in all material respects on and as of the Closing Date with the same effect as if such warranties and representations had been made on and as of the Closing Date, and TPG Acquisition and TPG Holding shall have performed and complied in all material respects (except for the payment obligations which shall be absolute) with all agreements, covenants and conditions on their part required to be performed or complied with on or prior to the Closing Date, and at the Closing, Motorola shall have received a certificate executed by the President or any Vice President of TPG Acquisition and TPG Holding to the foregoing effect.

13.3 NO PROCEEDINGS. No investigation, action, suit or proceeding by any Governmental Authority, and no action, suit or proceeding by any other Person, shall be pending

on the Closing Date which (i) challenges or might result in a challenge to this Agreement or the Merger or any other transaction contemplated hereby, or which claims, or might give rise to a claim for, damages against Motorola in a material amount as a result of the consummation of the Merger or any other transaction contemplated hereby and (ii) is not disclosed on the Disclosure Letter.

13.4 REORGANIZATION AGREEMENT. All transactions contemplated by the Reorganization Agreement shall have been consummated in substantially the manner contemplated by the Reorganization Agreement. Without limiting the foregoing, the Collateral Agreements shall have been executed by the parties thereto as provided in the Reorganization Agreement.

13.5 STOCKHOLDERS AGREEMENT. TPG Holding shall have executed the Stockholders Agreement with respect to the Company.

13.6 PAYMENT OF COMPANY NOTES. At the Effective Time, TPG Holding, the Company, and/or SCI LLC shall have funds available to pay the Company Notes simultaneously with the consummation of the Merger and the Redemption.

13.7 NECESSARY PROCEEDINGS. All proceedings to be taken in connection with the consummation of the transactions contemplated by this Agreement and the Reorganization Agreement, and all documents incident thereto, (other than proceedings and documents which, if not taken or delivered, would not prevent TPG Holding from recognizing substantially all the benefits otherwise to be realized by it hereunder or at a Closing in which all such proceedings and documents had been taken or delivered), shall be reasonably satisfactory in form and substance to Motorola and its counsel, and Motorola and its counsel shall have received copies of

such documents as they and their counsel may reasonably request in connection with said transactions.

13.8 EXPIRATION OF H-S-R WAITING PERIOD. The waiting period (including extensions thereof) required by the H-S-R Act shall have expired or been terminated.

13.9 SOLVENCY OPINION. Motorola shall have received an opinion addressed to the Board of Directors of the Company and Motorola (and any other Affiliates of Motorola required by Motorola) which shall be substantially similar to (and may be the same opinion as) any opinion delivered to any banks or other lenders party to the Senior Credit Facility and which provides assurance or conclusions, from which a reasonable person could obtain assurance that the Recapitalization does not result in a violation of the Delaware fraudulent conveyance statutes, Section 548 of the U.S. Bankruptcy Code or the relevant sections of the Delaware General Corporation Law concerning the payment of dividends, or purchase or redemption of shares, by a corporation.

Except for conditions set forth in SECTIONS 13.4 and 13.8, Motorola shall have the right to waive any of the foregoing conditions precedent.

ARTICLE XIV

TERMINATION

14.1 TERMINATION EVENTS. This Agreement may be terminated at any time prior to the Closing as follows, and in no other manner:

(a) by mutual consent of Motorola and TPG Holding;

(b) by Motorola if the Closing of the transactions contemplated by this Agreement shall not have occurred on or before September 1, 1999, or such later date as may have been agreed upon in writing by the parties, PROVIDED, that any such failure to close is not

due to any failure to perform, default or breach by Motorola; PROVIDED, FURTHER, that Motorola may, in its sole discretion, by providing written notice to TPG Holding no later than August 27, 1999, extend such date from September 1, 1999 to October 1, 1999; PROVIDED, FURTHER, if such date is extended to October 1, 1999, Motorola may, in its sole discretion, by providing written notice to TPG Holding no later than September 27, 1999, further extend such date from October 1, 1999 to November 1, 1999;

(c) by TPG Holding, if the Closing of the transactions contemplated by this Agreement shall not have occurred on or before the later of September 1, 1999, and the date as extended by Motorola pursuant to clause (b) above, or such later date as may have been agreed upon in writing by the parties; PROVIDED, that any such failure to close is not due to any failure to perform, default or breach by TPG Acquisition or TPG Holding;

(d) by TPG Holding, provided it is not then in breach of any of its obligations hereunder, if Motorola fails to perform in any material respect any covenant in this Agreement when performance thereof is due or Motorola shall have breached in any material respect any of the representations and warranties contained in this Agreement and does not cure the failure or breach within thirty (30) days after TPG Holding delivers written notice thereof; or if there has been a material breach by Motorola of any of its representations, warranties or covenants under this Agreement and the Collateral Agreements which breach is not curable, or, if curable, is not cured within thirty (30) days of written notice thereof; PROVIDED, that TPG Holding shall not have the right to terminate this Agreement under this SECTION 14.1(d) for reason of a material breach by Motorola of any representation or warranty made by it in this Agreement if Motorola shall prove that such breach and the extent thereof was actually known by a member of the TPG Team on the date hereof;

(e) by Motorola, provided it is not then in breach of any of its obligations hereunder, if TPG Acquisition or TPG Holding fails to perform in any material respect any covenant in this Agreement when performance thereof is due or TPG Acquisition or TPG Holding shall have breached in any material respect any of the representations and warranties contained in this Agreement and does not cure the failure or breach within thirty (30) business days after Motorola delivers written notice thereof; or if there has been a material breach by TPG Acquisition or TPG Holding of any of its representations, warranties or covenants under this Agreement which breach is not curable, or, if curable, is not cured within thirty (30) days of written notice thereof. Any termination pursuant to this ARTICLE XIV shall not limit or restrict the rights or other remedies of any party;

(f) by TPG Holding if it reasonably determines that either the conditions set forth in SECTION 12.7 or the conditions set forth in SECTION 12.8 cannot be satisfied prior to November 1, 1999;

(g) by either TPG Holding or Motorola if any Governmental Authority shall have issued a permanent injunction, order, decree or ruling or taken any other action (which injunction, order, decree or ruling TPG Holding and Motorola shall use their Reasonable Efforts to lift), in each case permanently restraining, enjoining, rendering unlawful or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, the Reorganization Agreement or the Collateral Agreements or any material part thereof in accordance with the terms hereof or thereof, and such order, decree, ruling or other action shall have become final and nonappealable;

(h) by TPG Holding if there shall have occurred a Material Adverse Effect which it reasonably determines is not likely to be cured prior to November 1, 1999;

PROVIDED, that if Motorola notifies TPG Holding in writing of the existence of a Material Adverse Effect occurring after the date hereof, TPG Holding shall be entitled to terminate this Agreement pursuant to this SECTION 14.1(h) by reason of the events, circumstances or state of facts having such Material Adverse Effect only for a period of 30 days following TPG Holding's receipt of Motorola's written notice; PROVIDED FURTHER, HOWEVER, that TPG Holding's right to terminate this Agreement shall be reinstated in the event that there shall occur a material and adverse exacerbation of such events, circumstances or state of facts; or

(i) by TPG Holding if the condition set forth in SECTION 12.11 shall not have been satisfied prior to August 1, 1999.

14.2 TERMINATION FEE.

(a) In addition to, and without limiting any other right or remedy of the parties hereto, and notwithstanding anything contained herein to the contrary, in the event this Agreement is terminated pursuant to (i) SECTION 14.1(b) in circumstances where the only conditions which shall not have been satisfied are those set forth in SECTION 12.7 and/or SECTION 12.8, (ii) SECTION 14.1(e) or (iii) SECTION 14.1(f), THEN TPG Holding shall pay to Motorola within five (5) days of the date of such termination an aggregate amount equal to the sum of $5.0 million (the "TPG TERMINATION FEE").

(b) In addition to, and without limiting any other right or remedy of the parties hereto, and notwithstanding anything contained herein to the contrary, in the event this Agreement is terminated by TPG Holding pursuant to SECTION 14.1(d), THEN, Motorola shall pay to TPG Holding within five (5) days of the date of such termination an aggregate amount equal to the sum of $5.0 million (the "MOTOROLA TERMINATION FEE").

ARTICLE XV

POST-CLOSING MATTERS

15.1 FURTHER ASSURANCES.

(a) Each party covenants that at any time, and from time to time, after the Closing Date, it will execute such additional instruments and take such actions as may be reasonably requested by the other parties to confirm or perfect or otherwise to carry out the intents and purposes of this Agreement.

(b) In furtherance of the foregoing, Motorola shall, and shall cause its Affiliates to, afford reasonable access to the Company and its representatives to documents (including making copies at the Company's expense) and other information relating to the Business, the Purchased Assets, Assumed Liabilities and the Joint Ventures.

ARTICLE XVI

MISCELLANEOUS

16.1 EXPENSES.

(a) Motorola shall pay its costs and expenses (including attorneys' fees and other legal costs and expenses and accountants' fees and other accounting costs and expenses) in connection with this Agreement and the Merger, subject to the provisions of SECTION 3.7(d), SECTION 3.8, SECTION 7.6 and SECTION 14.2.

(b) Motorola shall pay the Company's costs and expenses (including attorneys' fees and other legal costs and expenses and accountants' fees and other accounting costs and expenses and the costs and expenses of establishing new SCG Post-Closing Entities) in connection with this Agreement incurred through and including the Closing Date; PROVIDED, HOWEVER, that Motorola shall not pay any of the Company's costs and expenses (including attorney's fees and other legal costs and expenses and accountants' fees and other accounting

costs and expenses) in connection with the Senior Secured Loan, Subordinated Notes, the Bridge Loan, any other credit facility relating to the financing of the transactions contemplated by this Agreement including commitment, arrangement and similar fees thereunder paid to financing providers or their advisors, and fees and expenses incurred in connection with SECTION 7.10, all of which fees and expenses under this proviso shall be paid by either (x) TPG Acquisition if the Closing shall not occur or (y) the Company if Closing shall occur.

(c) TPG Holding shall pay all costs and expenses incurred by it including the fees and expenses of attorneys, accountants, financing providers and other advisors in connection with the transactions contemplated hereby, PROVIDED, if the Closing shall occur, such costs, fees and expenses will be borne by the Company at the time of the Closing.

16.2 FINANCIAL ADVISORS' FEES.

(a) Neither Motorola nor any of its Affiliates has retained any broker, finder, investment banker or financial advisor in connection with this Agreement or the Merger or any other transaction contemplated hereby, except for Goldman, Sachs & Co., whose fees and expenses shall be paid by Motorola (all obligations of Motorola and its Subsidiaries to Goldman, Sachs & Co. being Retained Liabilities); and except for Goldman, Sachs & Co., the Business has not incurred or paid, and neither TPG Acquisition, TPG Holding nor any SCG Parties will incur or be required to pay, any broker's, finder's, investment banker's, financial advisor's or similar fee in connection with the Reorganization Agreement, this Agreement or the Merger or any other transaction contemplated hereby to any person, firm, corporation or entity acting as broker, finder, investment banker, financial advisor or in any similar capacity on behalf of Motorola or the Business.

(b) Neither TPG Acquisition nor TPG Holding has retained any broker, finder, investment banker or financial advisor in connection with this Agreement or the Merger or any other transaction contemplated hereby; and except for the payment at the Closing by the Company to an affiliate of TPG Acquisition and TPG Holding of a transaction advisory fee in an amount previously disclosed by TPG Acquisition and TPG Holding to Motorola, neither TPG Acquisition nor TPG Holding has incurred or paid, and neither Motorola nor any of its Affiliates will incur or be required to pay, any broker's, finder's, investment banker's, financial advisor's or similar fee in connection with the Reorganization Agreement, this Agreement or the Merger to any person, firm, corporation or entity acting as broker, finder, investment banker, financial advisor or in any similar capacity on behalf of TPG Acquisition or TPG Holding.

(c) TPG Acquisition, TPG Holding and Motorola agree to indemnify each other and hold each other harmless from any loss, damage or expense resulting from a breach by such party of its respective warranty set forth in this SECTION 16.2 and this indemnity shall not be subject to the limitations set forth in SECTION 11.2.

16.3 SURVIVAL OF WARRANTIES. All warranties, representations, agreements and covenants made by the respective parties in this Agreement shall survive the Closing Date, subject to SECTION 11.1.

16.4 ENTIRE AGREEMENT. This Agreement (including the Disclosure Letter and the Exhibits hereto and thereto), the Reorganization Agreement, the Collateral Agreements and the Non-Disclosure Agreement contain the entire agreement between the parties with respect to the transactions contemplated hereunder, and supersedes all negotiations, representations, warranties, commitments, offers, contracts and writings prior to the date hereof, except for the

Non-Disclosure Agreement. Without limiting the foregoing, any information provided to TPG Acquisition, TPG Holding or its representatives pursuant to this Agreement shall be held by TPG Acquisition or TPG Holding and its representatives in accordance with, and shall be subject to the terms of, the Non-Disclosure Agreement dated November 10, 1998 (the "NON-DISCLOSURE AGREEMENT") by and among TPG Acquisition, TPG Holding and Motorola, all of the terms of which are hereby incorporated in this Agreement as though fully set forth herein.

16.5 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which, together, shall constitute one and the same instrument.

16.6 SAVINGS CLAUSE. If any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative action, such holding or action shall be strictly construed and shall not affect the validity or effect of any other provision hereof.

16.7 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties. No party hereto may assign or transfer any of its rights or obligations under this Agreement, except with the prior written consent of the other parties hereto, except that (i) TPG Holding shall be entitled to assign its rights hereunder to an Affiliate of TPG Holding, and (ii) the Company shall be entitled to assert its rights hereunder to or for the account of the Senior Secured Lender solely and specifically for the purpose of securing the Financing, which assignment in either case shall not affect TPG Holding's or the Company's obligations under this Agreement.

16.8 NO THIRD-PARTY BENEFICIARY; NO RECOURSE.

(a) This Agreement is for the sole benefit of the parties and nothing herein expressed or implied shall give or be construed to give any person or entity other than the parties any legal or equitable rights hereunder.

(b) The directors, officers and stockholders of the parties hereto and their Affiliates shall not have any personal liability or obligation arising under this Agreement, the Reorganization Agreement or the Collateral Agreements or any transaction contemplated hereby or thereby solely by reason of their capacity as such.

16.9 CAPTIONS. The captions of the various Sections and Articles of this Agreement have been inserted only for convenience and shall not be deemed to modify, explain, enlarge or restrict any of the provisions of this Agreement.

16.10 GOVERNING LAW AND CONSENT TO JURISDICTION.

(a) The validity, interpretation and effect of this Agreement shall be governed exclusively by the laws of the State of New York, not including the "conflict of laws" rules of the state.

(b) Each of the parties irrevocably submits to the jurisdiction of (i) the Supreme Court of New York of the State of New York, and (ii) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the parties further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth herein shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. Each of the parties irrevocably and

unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the Supreme Court of New York of the State of New York or (ii) the United States District Court for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

16.11 NOTICES. All notices, requests, demands and other communications under this Agreement shall be in writing and delivered in person, sent by facsimile or telecopy or sent by registered or certified mail, postage prepaid, and properly addressed as follows:

TO MOTOROLA, THE COMPANY OR SCI LLC:

Motorola, Inc.
1303 E. Algonquin Road
Schaumburg, IL 60196
Attention: General Counsel
Fax: 847/576-3628

WITH COPY TO:

Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60601
Attention: Oscar A. David, Esq.
Fax: 312/558-5700

TO TPG ACQUISITION OR TPG HOLDING:

TPG Semiconductor Holdings Corp.
c/o Texas Pacific Group
201 Main Street
Suite 2420
Fort Worth, Texas 76102
Attention: Richard A. Ekleberry, Esq.
Fax: (817) 871-4010

WITH COPY TO:

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attention: Paul J. Shim, Esq.
Fax: (212) 225-3999

Any party may from time to time change its address for the purpose of notices to that party by a similar notice specifying a new address, but no such change shall be deemed to have been given until it is actually received by the party sought to be charged with its contents.

All notices and other communications required or permitted under this Agreement which are addressed as provided in this SECTION 16.11 if delivered personally or sent by facsimile or telecopy shall be effective upon delivery, and if delivered by mail, shall be effective upon deposit in the United States mail, postage prepaid.

16.12 U.S. DOLLARS. All amounts expressed in this Agreement and all payments required by this Agreement are in United States dollars.

16.13 AMENDMENT; WAIVER. The parties hereto may amend this Agreement by mutual consent in any respect. Any failure on the part of any party to comply with any of its obligations, agreements or conditions hereunder may be waived by any other party to whom such compliance is owed. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. Any such amendment or waiver, to be effective, must be in writing and be signed by the party against whom enforcement of the same is sought.

16.14 SPECIFIC PERFORMANCE. In the event Motorola should fail to comply with the terms of SECTION 7.3, TPG Holding shall be entitled, in addition to other relief, as may be

proper, to equitable relief as may be necessary to cause Motorola and the Company to comply with SECTION 7.3.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Agreement and Plan of Recapitalization and Merger the day and year first above written.

MOTOROLA, INC.

By: /s/ Keith Bane

Title: Executive Vice President

SCG HOLDING CORPORATION

By: /s/ Theodore W. Schaffner

Title: Attorney in Fact

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By: SCG HOLDING CORPORATION,
its sole member

By: /s/ Theodore W. Schnaffer

Title: Attorney in Fact

TPG SEMICONDUCTOR HOLDINGS CORP.

By: /s/ Dipanjan Deb

Title: Vice President

TPG SEMICONDUCTOR ACQUISITION CORP.

By: /s/ Dipanjan Deb

Title: Vice President

AMENDMENT NO. 1 TO

AGREEMENT AND PLAN OF RECAPITALIZATION AND MERGER

This Amendment No. 1 made as of the 28th day of July, 1999 (this "AMENDMENT") to the Agreement and Plan of Recapitalization and Merger, dated as of May 11, 1999 (the "AGREEMENT"), by and among Motorola, Inc., a Delaware corporation ("MOTOROLA"), SCG Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of Motorola, formerly known as "Motorola Energy Systems, Inc." (the "COMPANY"), Semiconductor Components Industries, LLC, a Delaware limited liability company ("SCI LLC"), the sole member of which is the Company, TPG Semiconductor Holdings LLC, a Delaware limited liability company ("TPG HOLDING"), and TPG Semiconductor Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of TPG Holding ("TPG ACQUISITION").

RECITALS

WHEREAS,

A. Motorola, the Company, SCI LLC, TPG Holding and TPG Acquisition are parties to that certain Agreement and Plan of Recapitalization and Merger dated as of May 11, 1999 (the "RECAPITALIZATION AGREEMENT");

B. Pursuant to Section 16.13 of the Recapitalization Agreement, the parties hereto wish to amend the Recapitalization Agreement and to agree to the other matters set forth herein, in all cases as provided herein.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS. Capitalized terms used but not defined herein shall have the meanings set forth in the Recapitalization Agreement.

SECTION 2. AMENDMENTS TO THE RECAPITALIZATION AGREEMENT.

SECTION 2.1. The Preamble to the Recapitalization Agreement shall be amended and restated in its entirety, and shall be replaced by the following:

> "Agreement and Plan of Recapitalization and Merger made as of the 11th day of May, 1999 (as amended by Amendment No. 1 thereto, dated as of July 28, 1999 ("AMENDMENT NO. 1"), this "AGREEMENT") by and among Motorola, Inc., a Delaware corporation ("MOTOROLA"), SCG Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of Motorola, formerly known as "Motorola Energy Systems, Inc." (the "COMPANY"), Semiconductor Components Industries, LLC, a Delaware limited liability company ("SCI LLC"), the sole member of which is the Company, TPG Semiconductor Holdings LLC, a Delaware limited liability company ("TPG HOLDING"), and TPG Semiconductor Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of TPG Holding ("TPG ACQUISITION")."

SECTION 2.2. Recitals K, L and M of the Recapitalization Agreement shall be amended and restated in their entirety, and shall be replaced by the following:

"K. At the Closing, TPG Holding will purchase from Motorola 30.4877 shares of Company Stock for aggregate consideration of $337.5 million;

L. Motorola and TPG Holding shall cause TPG Acquisition to merge with and into the Company (the "MERGE") pursuant to which:

(i) the separate existence of TPG Acquisition shall cease;
(ii) the Company shall continue as the Surviving Corporation;
(iii) each share of the Company Stock shall be converted into 3,000 shares of Surviving Corporation Stock (after which (a) TPG Holding shall hold 91,463 shares of Surviving Corporation Stock and (b) Motorola shall hold 208,537 shares of shares of Surviving Corporation Stock); and
(iv) the TPG Acquisition Stock shall be converted into Surviving Corporation Preferred Stock having an original liquidation preference of $150 million; and

M. Motorola shall cause the Surviving Corporation to redeem (the "REDEMPTION") from Motorola 200,000 shares of Surviving Corporation Stock (after which Motorola shall hold 8,537 shares of Surviving Corporation Stock) in exchange for:

(i) the SCI LLC Junior Notes in the principal amount of $91.0 million;
(ii) 590 shares of Surviving Corporation Preferred Stock having an original aggregate liquidation preference of $59.0 million; and
(iii) the Redemption Cash Consideration (directly or indirectly through payment and/or purchase of the Company Notes);"

SECTION 2.3. Section 1.2 of the Recapitalization Agreement is amended by (a) deleting in their entirety the definitions of each of COMPANY/SCI GROUND Lease, COMPANY/SCI QUIT-CLAIM DEED, BILL OF SALE AND SEVERANCE AGREEMENT OF BUILDINGS AND FIXTURES ONLY AND NOT OF LAND and EXISTING GROUND LEASE OPEN ISSUES, (b) amending and restating the definitions of each of COMPANY/SCI ASSET TRANSFER, SCG POST-CLOSING ENTITY and WORKING CAPITAL AMOUNT in their entirety and by replacing them with the following:

"COMPANY/SCI ASSET TRANSFER" shall mean the transfer by the Company to SCI LLC of certain personal property identified in Attachment A to the Company/SCI Bill of Sale in accordance with the terms of the Company/SCI Bill of Sale.

"SCG POST-CLOSING ENTITY" means the entities listed on EXHIBIT G to Amendment No. 1 but shall not include the Joint Ventures."

"WORKING CAPITAL AMOUNT" shall mean $136,500,000, plus the Malaysia Net Intercompany Deficit (as defined below), minus the sum of (a) the Philippines Net Intercompany Surplus, (as defined below), (b) the "Interim Payroll Expenses (as defined below), and (c) the Reorganization Working Capital Adjustment. The "MALAYSIA NET

INTERCOMPANY DEFICIT" means $33,341, which represents the excess of (a) the intercompany payables to be owing by SCG-Malaysia to Motorola and its Affiliates (other than the Company and the SCG Post-Closing Entities) as of 12:01 am Phoenix time on July 31, 1999 over (b) the intercompany receivables to be owing to SCG-Malaysia by Motorola and its Affiliates (other than the Company and the SCG Post-Closing Entities) as of 12:01 am Phoenix time on July 31, 1999. The "PHILIPPINES NET INTERCOMPANY SURPLUS" means $4,319,975, which represents the excess of (x) the intercompany receivables to be owing to SCG-Philippines by Motorola and its Affiliates (other than the Company and the SCG-Post-Closing Entities) as of 12:01 am Phoenix time on July 31, 1999 over (y) the intercompany payables to be owing by SCG-Philippines to Motorola and its Affiliates (other than the Company and the SCG Post-Closing Entities) as of 12:01 am Phoenix time on July 31, 1999. The "INTERIM PAYROLL EXPENSES" means $139,384, which represents payroll expenses to be incurred by Motorola and its Subsidiaries for the period commencing on July 31, 1999 and thereafter relating to the SCG employees. The "REORGANIZATION WORKING CAPITAL ADJUSTMENT" shall mean the sum of (a) $18,224,121 (which equals $20,724,121 minus the Philippines Pension Payment (as defined below), it being understood that $20,702,735 of such $20,724,121 represents all cash and cash equivalents to be held by the Company and the SCG Post-Closing Entities as of 12:01 Phoenix time on July 31, 1999 with the remaining $21,386 of such $20,724,121 constituting interest to be accrued on such $20,702,735 from July 31, 1999 through the Closing Date at a per annum. rate equal to 10%), and (b) $33,858, which represents prepaid expenses in Japan relating to employee housing which are to be funded prior to 12:01 Phoenix time on July 31, 1999. The "PHILIPPINES PENSION PAYMENT" means $2,500,000, which represents a partial payment of Motorola's obligations to SCG Philippines, Incorporated under Section 2 of that certain Retirement Transfer Agreement to be made as of July 31, 1999 by and between Motorola and SCG Philippines in accordance with the terms thereof. The parties hereto hereby agree and acknowledge that the Malaysia Net Intercompany Deficit and the Philippines Net Intercompany Surplus each is included in the calculation of Working Capital Amount and that in addition (i) an amount equal to the Malaysia Net Intercompany Deficit shall be paid by SCG Malaysia to Motorola (on behalf of its applicable Affiliates) and (ii) an amount equal to the Philippines Net Intercompany Deficit shall be paid by Motorola (on behalf of its applicable Affiliates) to SCG Philippines, in each case prior to the close of business on August 6, 1999 in order to carry out the intent of the provisions of clause (vi) of the definition of "Excluded Assets" and clause (iii) of the definition of Retained Liabilities contained in the Reorganization Agreement.

SECTION 2.4. The Recapitalization Agreement shall be amended by deleting the references to "the Closing Date" contained in the definitions of Capital Expenditure Deficit, Capital Expenditure Surplus and Remaining Cody Cash Expenditure Amount and inserting "July 30, 1999" in lieu thereof. The parties further agree that there shall be a further adjustment to the Capital Expenditure Deficit in the amount of $550,000 representing funding of capital expenditure amounts between July 30, 1999 and the Closing Date. Such amount shall, notwithstanding anything to the contrary, be added to the Capital Expenditure Deficit.

SECTION 2.5. EXHIBIT G to the Recapitalization Agreement shall be amended and restated in its entirety, and shall be replaced by EXHIBIT G hereto.

SECTION 2.6. The references to "90,000", "210,000", and "10,000" contained in Sections 3.6, 3.7 and 5.2 of the Recapitalization Agreement shall be amended and restated in their entirety, and shall be replaced by "91,463", "208,537", and "8,537", respectively.

SECTION 2.7. Section 3.4(b) of the Recapitalization Agreement is amended and restated in its entirety, and shall be replaced by the following:

"(b) At the Effective Time, the By-Laws of the Company shall be amended and restated in their entirety to read substantially as set forth in EXHIBIT H to Amendment No. l."

SECTION 2.8. Section 3.7(b) of the Recapitalization Agreement is amended and restated in its entirety, and shall be replaced by the following:

"(b) For the purposes of this Agreement, (i) "REDEMPTION CASH PAYMENT" shall mean the Redemption Cash Consideration MINUS the Company Notes Amount, and (ii) "REDEMPTION CASH CONSIDERATION" shall mean $1,095,000,000 PLUS the sum of (X) Capital Expenditure Surplus, if any, and (Y) the AGGREGATE PER DIEM LIQUIDATED DAMAGE REDEMPTION AMOUNT (as defined in the next sentence), minus the sum of (A) the Working Capital Amount, (B) the Remaining Cody Cash Expenditure Amount and (C) the Capital Expenditure Deficit, if any. "AGGREGATE PER DIEM LIQUIDATED DAMAGE REDEMPTION AMOUNT", which shall serve as liquidated damages in lieu of any other right or remedy of Motorola arising from the failure of the Closing Date to occur simultaneously with the occurrence of the Effective Date (as defined in Section 5.1 of the Agreement), shall mean the product of $500,000 multiplied by the number of calendar days for the period beginning on and including July 31, 1999 and ending on and including the day immediately preceding the Closing Date (it being understood that if the Closing occurs on August 4, 1999, the Aggregate Per Diem Liquidated Damage Redemption Amount shall equal $2 million)."

SECTION 2.9. Section 3.7(c) is amended by (a) deleting "a date which is no earlier than the third Business Day prior to" contained in the first sentence thereof and (b) inserting to the end of Section 3.7(c) the following:

"The amounts set forth in the Cody Certificate and Capital Expenditure Certificate shall be conclusive and binding among the parties absent manifest error."

SECTION 2.10. Sections 3.7(d) and 3.7(e) are hereby deleted in their entirety.

SECTION 2.11. Section 4.1(b) of the Recapitalization Agreement is amended by deleting the references to "30 shares" and "$307.5 million" contained therein and inserting "30.4877 shares" and "$337.5 million" in lieu thereof.

SECTION 2.12. Section 5.1 is amended by deleting the last sentence thereof and inserting in lieu thereof the following:

"The Effective Date (as defined in the Reorganization Agreement), and the time thereof, is currently contemplated by Motorola to be as of 12:01 a.m. (Phoenix, Arizona time) on July 31, 1999."

SECTION 2.13. Section 7.12 of the Recapitalization Agreement shall be amended and restated in its entirety, and shall be replaced by the following:

"7.12 52ND STREET REAL PROPERTY TRANSACTIONS. The parties hereto acknowledge that Motorola and the Company entered into the Existing Ground Lease in connection with the Reorganization. In connection with the Closing hereunder, the Existing Ground Lease shall be terminated and SCI LLC shall purchase from Motorola the surface rights with respect to the site at which SCI LLC's 52nd Street manufacturing facility is located, together with certain buildings and fixtures. Motorola and SCI LLC at Closing (as defined in the Reorganization Agreement) shall execute a declaration of covenants and easements containing provisions substantially equivalent to the provisions contained in the Existing Ground Lease. The fees and costs of exercising such purchase of the Purchase Rights shall be divided equally between the parties; provided, however, if such fees and costs are unreasonably high, the parties agree to cooperate in good faith in renegotiating the allocation of such costs."

SECTION 2.14. Section 11.3 of the Recapitalization Agreement shall be amended by (a) deleting the word "or" which appears immediately prior to the reference to "(iv)" contained in the first sentence of Section 11.3 and (b) inserting at the end of the first sentence of Section 11.3 the following:

", or (v) any obligations arising out of or related to the issuance of the Subordinated Notes, including without limitation obligations arising out of or related to a claim made or asserted under applicable securities or similar laws, whether or not such claim is based in whole or in part upon any untrue statement or alleged untrue statement of a material fact made or contained in any prospectus or offering memorandum (or in any supplement to or amendment of such prospectus or offering memorandum) pursuant to which such Subordinated Notes are issued"

SECTION 2.15. References to Section 3.6(f) in the definition of "Company Notes Amount" and in Section 7.13(b) shall be deemed to be references to Section 3.6(e).

SECTION 3. AGREEMENT RE NETTING EXPOSURE.

SECTION 3.1. In connection with the Finance Services to be provided by Motorola on a transition basis as contemplated by the Transition Services Agreement, Motorola will provide administrative services to the Company after the Closing pursuant to the netting of accounts payable and accounts receivable under the London Netting System. As part of the London Netting System, a weekly netting run is conducted, at which point the netting payments are determined and are irreversibly set to be disbursed, typically in approximately two business days following the weekly netting run (the "DISBURSEMENT DETERMINATION DATE"). If the amount of these payments is greater than the funds which are then held in the SCG Citibank account in the U.S. that supports the netting system, Citibank currently requires credit support from Motorola in connection with and for so long as this shortfall exists. The parties hereto acknowledge that it is intended that Motorola will be providing netting services of an administrative nature, and that Motorola shall have minimal financial or credit exposure or risk with respect to the underlying transactions for which Motorola is providing services. Accordingly, for weekly netting runs in

which it is determined that the amount of payments to be made to third parties in connection with such netting run exceeds the funds which are then held in the SCG Citibank account in the U.S. that supports the netting system, the Company and/or SCI LLC shall, on the Disbursement Determination Date for such netting run, deposit funds in the SCG Citibank account and/or provide alternative credit support as described below in an amount equal to the lesser of (1) the amount of such excess and (2) the following amounts corresponding to the following periods:

Period	Amount
August 5, 1999 through October 4, 1999	$45 million
October 5, 1999 through November 4, 1999	$35 million
November 5, 1999 through December 4, 1999	$40 million
December 5, 1999 and thereafter	$50 million

Alternative credit support shall take the form of making available an overdraft line of credit or posting a letter of credit, in each case for the benefit of Motorola and as reasonably acceptable to Motorola. In the event that the Company shall not have deposited into the SCG Citibank account that supports the netting system the deposit contemplated above or provided alternative credit support as described above at any time in which the amount of payments to be made to third parties in connection with such netting run exceeds the funds which are then held in the SCG Citibank account in the U.S. that supports the netting system, the amount so unpaid shall accrue interest at a rate per annum equal to 10% until paid. In addition, in the event of a material breach by the Company of its obligations under this Section 3.1, Motorola shall have the right to terminate its obligations to provide services at any time thereafter to the Company and the SCG Post-Closing Entities pursuant to the London Netting System (such termination to be effected by delivery of written notice from Motorola to the Company).

SECTION 4. REORGANIZATION AGREEMENT.

SECTION 4.1. The parties hereto agree and acknowledge that the transactions contemplated by the Reorganization Agreement shall have been consummated in the manner contemplated by the Reorganization Agreement with respect to those matters set forth in Sections 4.2 through Section 4.9.

SECTION 4.2. With respect to Section 2.5 of the Reorganization Agreement, no China Offices (as defined in the Reorganization Agreement) have been established, and the Company may at TPG Holdings' sole discretion establish China Offices after the Closing Date.

SECTION 4.3. With respect to Section 2.7 of the Reorganization Agreement, the Finland Branch (as defined in the Reorganization Agreement) has not been established, and in lieu thereof an office sharing arrangement has been entered into.

SECTION 4.4. With respect to Section 2.8 of the Reorganization Agreement, EURL (as defined in the Reorganization Agreement), holds an equity interest of approximately 0.1% of the France Sub (as defined in the Reorganization Agreement), and Motorola-France (as defined in the Reorganization Agreement) holds the remaining 99.9% interest.

SECTION 4.5. With respect to Section 2.11 of the Reorganization Agreement, a liaison office in India, and not a private limited company, has been established.

SECTION 4.6. With respect to Section 2.13 of the Reorganization Agreement, the local share transfer instrument from SCI LLC to SCG Holding (Netherlands) B.V. will be executed once the company registration is completed, confirming the contribution agreement previously executed.

SECTION 4.7. With respect to Section 2.15 of the Reorganization Agreement, the transfer of the Korea Assets by Motorola Korea to Korea Sub (in each case as defined in the Reorganization Agreement) shall occur at least two business days and no later than seven business days after the Closing Date. Such transaction shall be effected pursuant to the form of business transfer agreement attached to this Amendment as EXHIBIT I.

SECTION 4.8. With respect to Section 2.18 of the Reorganization Agreement, upon contribution of the Europe Subs (as defined in the Reorganization Agreement) by SCI LLC to Netherland Holdings (as defined in the Reorganization Agreement), no new shares of Netherland Holdings were issued to SCI LLC. Instead, the contribution in kind was recorded as voluntary share premium ("vrijwillig agio").

SECTION 4.9. With respect to Section 2.19 of the Reorganization Agreement, pending a ruling from the Philippine Bureau of Internal Revenue, the parties agreed to MIDC's remaining the legal owner of the MPI Stock, as such term is defined in the Reorganization Agreement, in accordance with and subject to the Interim Agreement by and among Motorola, Motorola International Development Corp. and SCI LLC, dated July 31, 1999.

SECTION 4.10. With respect to Section 2.20 of the Reorganization Agreement, a branch in Puerto Rico was established by Semiconductor Components Industries Puerto Rico, Inc., a Delaware corporation, and not SCI LLC.

SECTION 4.11. The parties agreed to establish a branch of SCG Holding (Netherlands) B.V. in Ireland.

SECTION 5. REPRESENTATIONS AND WARRANTIES.

SECTION 5.1. TPG Acquisition and TPG Holding, jointly and severally, warrant and represent to and covenant with Motorola that the execution, delivery and performance of this Amendment by TPG Acquisition and TPG Holding have been duly authorized by all necessary corporate and other action on the part of TPG Acquisition and TPG Holding. This Amendment has been duly executed and delivered by TPG Acquisition and TPG Holding and (assuming the valid authorization, execution and delivery of this Amendment by Motorola and the Company) constitutes the valid and binding obligation of TPG Acquisition and TPG Holding enforceable against each of TPG Acquisition and TPG Holding in accordance with its terms, except that such enforceability (i) may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting or relating to the enforcement of creditors' rights generally and (ii) is subject to general principles of equity.

SECTION 5.2. Motorola warrants and represents to and covenants with TPG Acquisition and TPG Holding that the execution, delivery and performance of this Amendment by Motorola, the Company and SCI LLC have been duly authorized by all necessary corporate or other action on the part of Motorola, the Company or SCI LLC. This Amendment has been duly executed and delivered by Motorola, the Company and SCI LLC (assuming the valid authorization, execution and delivery of this Amendment by TPG Acquisition and TPG Holding), constitutes the valid and binding obligation of Motorola, the Company and SCI LLC enforceable against them in accordance with its terms, except that such enforceability (i) may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting or relating to the enforcement of creditors' rights generally and (ii) is subject to general principles of equity.

SECTION 6. MISCELLANEOUS.

SECTION 6.1. The parties hereto agree and acknowledge that all amounts outstanding to White House Productions relating to services provided or to be provided by White House Productions in connection with the launch of the Company's new name shall be the obligation of the Company after the Closing Date.

SECTION 6.2. The parties acknowledge and agree for purposes of clarification that neither Motorola nor any of its Affiliates shall have any obligation for $1.8 million of unfunded expenses incurred by Slovakia Electronics Industries, a.s. prior to Closing.

SECTION 6.3. Other than as set forth in Section 2.1 through Section 2.13, Section 3 hereof and Section 4 hereof, this Amendment does not modify, change or delete any other addendum, term, provision, representation, warranty or covenant (the "Provisions") relating to or contained in the Recapitalization Agreement, and all such Provisions remain in full force and effect. For the avoidance of doubt, all references in the Recapitalization Agreement to "the date hereof" or "the date of this Agreement" shall be deemed to be references to the date May 11, 1999, and all references to "this Agreement" or the "Recapitalization Agreement" shall be deemed references to the Recapitalization Agreement as amended hereby.

SECTION 6.4. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which, together, shall constitute one and the same instrument.

SECTION 6.5. The captions of the various Sections and Articles of this Agreement have been inserted only for convenience and shall not be deemed to modify, explain, enlarge or restrict any of the provisions of this Amendment.

SECTION 6.6. The validity, interpretation and effect of this Agreement shall be governed exclusively by the laws of the State of New York, not including the "conflict of laws" rules of the state.

SECTION 6.7. All amounts expressed in this Agreement and all payments required by this Agreement are in United States dollars.

SECTION 6.8. This Amendment and any of the provisions hereof may not be amended, altered or added to in any manner except by a document in writing and signed by each party hereto.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Amendment the day and year first above written.

MOTOROLA, INC.

By: /s/ Carl F. Koenemann

Title: Executive Vice-President & Chief Financial Officer

SCG HOLDING CORPORATION
By:/s/ Theodore W. Schaffner

Title: Vice-President

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By: SCG HOLDING CORPORATION, Its sole member

By: /s/ Theodore W. Schaffner

Title: Vice-President

TPG SEMICONDUCTOR HOLDINGS LLC

By: /s/ Dipanjan Deb

Title:

TPG SEMICONDUCTOR ACQUISITION CORP.

By: /s/ Dipanjan Deb

Title:

EXHIBIT 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

SCG HOLDING CORPORATION

FIRST: The name of the corporation is SCG Holding Corporation (hereinafter referred to as the "Corporation").

SECOND: The registered office of the Corporation is to be located at 1209 Orange Street, in the City of Wilmington, in the County of New Castle, in the State of Delaware. The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware.

FOURTH:

(1) The aggregate number of shares which the Corporation shall have authority to issue is 300,100,000 of which 100,000 of said shares shall be par value $0.01, and shall be designated Preferred Stock, and 300,000,000 of said shares shall be par value $0.01 per share, and shall be designated Common Stock.

(2) Subject to the limitations and in the manner provided by law, shares of the Preferred Stock may be issued from time to time in series and the Board of Directors of the Corporation is hereby authorized to establish and designate series of the Preferred Stock, to fix the number of shares constituting each series, and to fix the designations and the relative rights, preferences and limitations of the shares of each series and the variations in the relative rights, preferences and limitations as between series, and to increase and to decrease the number of shares constituting each series. Subject to the limitations and in the manner provided by law, the

authority of the Board of Directors of the Corporation with respect to each series shall include but shall not be limited to the authority to determine the following:

(a) The designation of such series.

(b) The number of shares initially constituting such series.

(c) The increase and the decrease to a number not less than the number of the outstanding shares of such series, of the number of shares constituting such series theretofore fixed.

(d) The rate or rates and the times at which dividends on the shares of such series shall be paid, the form in which such dividends shall be paid or payable (which may include additional shares of capital stock of the Corporation) and whether or not such dividends shall be cumulative and, if such dividends shall be cumulative, the date or dates from and after which they shall accumulate; provided, however, that, if the stated dividends are not paid in full, the shares of all series of the Preferred Stock ranking pari passu shall share ratably in the payment of dividends, including accumulations, if any, in accordance with the sums which would be payable on such shares if all dividends were declared and paid in full.

(e) Whether or not the shares of such series shall be redeemable and, if such shares shall be redeemable, the terms and conditions of such redemption, including but not limited to the date or dates upon or after which such shares shall be redeemable and the amount per share which shall be payable upon such redemption, which amount may vary under different conditions and at different redemption dates.

(f) The amount payable on the shares of such series in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Corporation; provided, however, that the holders of such shares shall be entitled to be paid, or to have set apart for payment, not less than $.01 per share before the holders of shares of the Common Stock or the

holders of any other class or series of stock ranking junior to the Preferred Stock as to rights on liquidation shall be entitled to be paid any amount or to have any amount set apart for payment; and provided further, that, if the amounts payable on liquidation are not paid in full, the shares of all series of the Preferred Stock ranking pari passu shall share ratably in any distribution of assets other than by way of dividends in accordance with the sums which would be payable in such distribution if all sums payable were discharged in full. A liquidation, dissolution or winding up of the Corporation, as such terms are used in this paragraph (f), shall not be deemed to be occasioned by or to include any consolidation or merger of the Corporation with or into any other corporation or other entity or corporations or other entities or a sale, lease or conveyance of all or a part of its assets.

(g) Whether or not the shares of such series shall have voting rights, in addition to the voting rights provided by law and, if such shares shall have such voting rights, the terms and conditions thereof, including but not limited to the right of the holders of such shares to vote as a separate class either alone or with the holders of shares of one or more other series of Preferred Stock and the right to have more than one vote per share.

(h) Whether or not a sinking fund shall be provided for the redemption of the shares of such series and, if such a sinking fund shall be provided, the terms and conditions thereof.

(i) Whether or not a purchase fund shall be provided for purchase of the shares of such series, and, if such a purchase fund shall be provided, the terms and conditions thereof.

(j) Whether or not the shares of such series shall have conversion or exchange privileges, and, if such shares shall have conversion or exchange privileges, the terms

and conditions of conversion or exchange, including but not limited to any provision for the adjustment of the conversion rate or the conversion price and whether conversion or exchange can be effected solely by the Corporation or the holder.

(k) Any other relative rights, preferences and limitations.

(3) Except as otherwise provided by law or by the resolution or resolutions providing for the issuance of any series of Preferred Stock, the holders of outstanding shares of Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes, each holder of record of shares of Common Stock being entitled to one vote for each share of Common Stock standing in such holder's name on the books of the Corporation.

FIFTH: The name and address of the incorporator is as follows:

Deborah J. Burmeister
1303 East Algonquin Road
Schaumburg, Illinois 60196

SIXTH: The following provisions are inserted for the management of the business and for the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(1) The number of directors of the Corporation shall be such as from time to time shall be fixed by, or in the manner provided in, the by-laws. Election of directors need not be by ballot unless the by-laws so provide.

(2) The Board of Directors shall have powers without the assent or vote of the stockholders to make, alter, amend, change, add to or repeal the by-laws of the Corporation; to fix and vary the amount to be reserved for any proper purpose; to authorize and cause to be executed mortgages and liens upon all or any part of the property of the Corporation; to determine the use and disposition of any surplus or net profits; and to fix the times for the declaration and payment of dividends.

(3) The directors in their discretion may submit any contract or act for approval or ratification at any annual meeting of the stockholders or at any meeting of the stockholders called for the purpose of considering any such act or contract, and any contract or act that shall be approved or be ratified by the vote of the holders of a majority of the stock of the Corporation which is represented in person or by proxy at such meeting and entitled to vote thereat (provided that a lawful quorum of stockholders be there represented in person or by proxy) shall be as valid and as binding upon the Corporation and upon all the stockholders as though it had been approved or ratified by every stockholder of the Corporation, whether or not the contract or act would otherwise be open to legal attack because of directors' interest, or for any other reason.

(4) In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation; subject, nevertheless, to the provisions of the statutes of Delaware, of this certificate, and to any by-laws from time to time made by the stockholders; provided, however, that no by-laws so made shall invalidate any prior act of the directors which would have been valid if such by-law had not been made.

SEVENTH: The Corporation shall, to the full extent permitted by Section 145 of the Delaware General Corporation Law, as amended from time to time, indemnify all persons whom it may indemnify pursuant thereto.

EIGHTH: Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of

Delaware, may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation in the manner now or hereafter prescribed by law, and all rights and powers conferred herein on stockholders, directors and officers are subject to this reserved power.

TENTH: The personal liability of the directors of the Corporation is hereby eliminated to the fullest extent permitted by paragraph (7) of subsection (b) of Section 102 of the General Corporation Law of the State of Delaware, as the same may be amended or supplemented.

EXHIBIT 3.2

CERTIFICATE OF FORMATION

OF

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

1. The name of the limited liability company is Semiconductor Components Industries, LLC

2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware. The name of its registered agent at such address is The Corporation Trust Company.

3. IN WITNESS WHEREOF, the undersigned have executed this Certificate of Formation on this 28th day of April, 1999.

SCG Holding Corporation

By: /s/ Carl F. Koenemann

Carl F. Koenemann
President

EXHIBIT 3.3

CERTIFICATE OF INCORPORATION

OF

SCG (MALAYSIA SMP) HOLDING CORPORATION

FIRST: The name of the corporation is SCG (Malaysia SMP) Holding Corporation

SECOND: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

THIRD: The name of the corporation's initial agent for service of process in the state of Delaware is:

The Corporation Trust Company
1209 Orange Street
Wilmington, DE 19801
(New Castle county)

FOURTH: The total number of shares which the Corporation shall have authority to issue is One Thousand (1,000) with $.01 par value.

FIVE: The name and mailing address of the incorporator are as follows:

Name: Laura C. Rasmussen
Mailing Address: 1303 East Algonquin Road
Schaumburg, IL 60196

I, THE UNDERSIGNED, for the purposes of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 27th day of May, 1999.

/s/ Laura C. Rasmussen

Laura C. Rasmussen

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

Subscribed and sworn to before me this
27th day of May, 1999.

_____
Notary Public

EXHIBIT 3.4

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

SCG (CHINA) HOLDING CORPORATION

FIRST: The name of the corporation is SCG (China) Holding Corporation.

SECOND: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

THIRD: The name of the corporation's initial agent for service of process in the state of Delaware is:

The Corporation Trust Company
1209 Orange Street
Wilmington, DE 19801
County of New Castle

FOURTH: The total number of shares which the Corporation shall have authority to issue is One Thousand (1,000) with $.01 par value.

FIVE: The name and mailing address of the incorporator are as follows:

Name: Virginia Wilhite
Mailing Address: 1303 East Algonquin Road
Schaumburg, IL 60196

I, THE UNDERSIGNED, for the purposes of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 21th day of December, 1998.

/s/ Virginia Wilhite

Virginia Wilhite

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

Subscribed and sworn to before me this
21st day of December, 1998.

_____
Notary Public

EXHIBIT 3.5

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

SCG (CZECH) HOLDING CORPORATION

FIRST: The name of the corporation is SCG (Czech) Holding Corporation.

SECOND: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

THIRD: The name of the corporation's initial agent for service of process in the state of Delaware is

The Corporation Trust Company
1209 Orange Street
Wilmington, DE 19801
(New Castle County)

FOURTH: The total number of shares which the Corporation shall have authority to issue is One Thousand (1,000) with $.01 par value.

FIVE: The name and mailing address of the incorporator are as follows:

Name: Virginia Wilhite
Mailing Address: 1303 East Algonquin Road
Schaumberg, IL 60196

I, THE UNDERSIGNED, for the purposes of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 4th day of May, 1999.

/s/ Virginia Wilhite

Virginia Wilhite

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

Subscribed and sworn to before me this
4th day of May, 1999

_____
Notary Public

EXHIBIT 3.6

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
SEMICONDUCTOR COMPONENTS INDUSTRIES PUERTO RICO, INC.

FIRST: The name of the corporation is Semiconductor Components Industries Puerto Rico, Inc.

SECOND: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

THIRD: The name of the corporation's initial agent for service of process in the state of Delaware is:

The Corporation Trust Company
1209 Orange Street, New Castle County
Wilmington, DE 19801

FOURTH: The total number of shares which the Corporation shall have authority to issue is One Thousand (1,000) with $.01 par value.

FIVE: The name and mailing address of the incorporator are as follows:

Name: Virginia Wilhite
Mailing Address: 1303 East Algonquin Road
Schaumburg, IL 60196

I, THE UNDERSIGNED, for the purposes of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 24th day of June, 1999.

/s/ Virginia Wilhite

Virginia Wilhite
Incorporator

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

Subscribed and sworn to before me this
____ day of _____, 1999.

_____
Notary Public

EXHIBIT 3.7

CERTIFICATE OF FORMATION

OF

SCG INTERNATIONAL DEVELOPMENT LLC

1. The name of the limited liability company is SCG International Development LLC.

2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware. The name of its registered agent at such address is The Corporation Trust Company.

3. IN WITNESS WHEREOF, the undersigned have executed this Certificate of Formation on this 28th day of April, 1999.

Semiconductor Components Industries, Inc.

By:/s/ Carl F. Koenemann

Carl F. Koenemann
Manager

BY-LAWS

OF

SCG HOLDING CORPORATION

ARTICLE I

Offices

SECTION 1. REGISTERED OFFICE. The registered office shall be established and maintained at the office of The Corporation Trust Company, in the City of Wilmington, in the County of New Castle, in the State of Delaware, and said corporation shall be the registered agent of this corporation in charge thereof.

SECTION 2. OTHER OFFICES. The corporation may have other offices, either within or without the State of Delaware, at such place or places as the Board of Directors may from time to time appoint or the business of the corporation may require.

ARTICLE II

MEETING OF STOCKHOLDERS

SECTION 1. ANNUAL MEETINGS. Annual meetings of stockholders for the election of directors and for such other business as may be stated in the notice of the meeting, shall be held at such place, either within or without the State of Delaware, and at such time and date as the Board of Directors, by resolution, shall determine and as set forth in the notice of the meeting. In the event the Board of Directors fails to so determine the time, date and place of meeting, the annual meeting of stockholders shall be held at the offices of the corporation in Delaware on the first Tuesday of April at 11:30 A.M.

If the date of the annual meeting shall fall upon a legal holiday, the meeting shall be held on the next business day. At each annual meeting, the stockholders entitled to vote shall elect a Board of Directors and they may transact such other corporate business as shall be stated in the notice of the meeting.

SECTION 2. OTHER MEETINGS. Meetings of stockholders for any purpose other than the election of directors may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of meeting.

SECTION 3. VOTING. Each stockholder entitled to vote in accordance with the terms of the Certificate of Incorporation and in accordance with the provisions of these By-Laws shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such stockholder, but no proxy shall be voted after three years from its date unless such proxy provides for a longer period. Upon the demand of any stockholder, the vote for directors and the vote upon any question before the meeting, shall be by ballot. All elections for directors shall be decided by plurality vote; all questions shall be decided by majority vote except as otherwise provided by the Certificate of Incorporation or the laws of the State of Delaware.

A complete list of the stockholders entitled to vote at the ensuing election, arranged in alphabetical order, with the address of each, and the number of shares held by each, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the meeting and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 4. QUORUM. Except as otherwise required by Law, by the Certificate of Incorporation or by these By-Laws, the presence, in person or by proxy, of stockholders holding a majority of the stock of the corporation entitled to vote shall constitute a quorum at all meetings of the stockholders. In case a quorum shall not be present at any meeting, a majority in interest of the stockholders entitled to vote thereat, present in person or by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite amount of stock entitled to vote shall be present. At any such adjourned meeting at which the requisite amount of stock entitled to vote shall be represented, any business may be transacted which might have been transacted at the meeting as originally noticed; but only those stockholders entitled to vote at the meeting as originally noticed shall be entitled to vote at any adjournment or adjournments thereof.

SECTION 5. SPECIAL MEETINGS. Special meetings of the stockholders for any purpose or purposes may be called by the President or Secretary, or by resolution of the directors.

SECTION 6. NOTICE OF MEETINGS. Written notice, stating the place, date and time of the meeting, and the general nature of the business to be considered, shall be given to each stockholder entitled to vote thereat at his address as it appears on the records of the corporation, not less than ten nor more than sixty days before the date of the meeting. No business other than that stated in the notice shall be transacted at any meeting without the unanimous consent of all the stockholders entitled to vote thereat.

SECTION 7. ACTION WITHOUT MEETING. Unless otherwise provided by the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than

the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III

DIRECTORS

SECTION 1. NUMBER AND TERM. The number of directors shall be 6. The directors shall be elected at the annual meeting of the stockholders and each director shall be elected to serve until his successor shall be elected and shall qualify. Directors need not be stockholders.

SECTION 2. RESIGNATIONS. Any director, member of a committee or other officer may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

SECTION 3. VACANCIES. If the office of any director, member of a committee or other officer becomes vacant, the remaining directors in office, though less than a quorum, by a majority vote, may appoint any qualified person to fill such vacancy, who shall hold office for the unexpired term and until his successor shall be duly chosen.

SECTION 4. REMOVAL. Except as hereinafter provided, any director or directors may be removed either for or without cause at any time by the affirmative vote of the holders of a majority of all the shares of stock outstanding and entitled to vote, at a special meeting of the stockholders called for the purpose and the vacancies thus created may be filled, at the meeting held for the purpose of removal, by the affirmative vote of a majority in interest of the stockholders entitled to vote.

Unless the Certificate of Incorporation otherwise provides, stockholders may effect removal of a director who is a member of a classified Board of Directors only for cause. If the Certificate of Incorporation provides for cumulative voting and if less than the entire board is to be removed, no director may be removed without cause if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire board of directors, or if there be classes of directors, at an election of the class of directors of which he is a part.

If the holders of any class of series are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, these provisions shall apply, in respect to the removal without cause of a director or directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole.

SECTION 5. INCREASE OF NUMBER. The number of directors may be increased by amendment of these By-Laws by the affirmative vote of a majority of the directors,

though less than a quorum, or, by the affirmative vote of a majority interest of the stockholders, at the annual meeting or at a special meeting called for that purpose, and by like vote the additional directors may be chosen at such meeting to hold office until the next annual election and until their successors are elected and qualify.

SECTION 6. POWERS. The Board of Directors shall exercise all of the powers of the corporation except such as are by law, or by the Certificate of Incorporation of the corporation or by these By-Laws conferred upon or reserved to the stockholders.

SECTION 7. COMMITTEES. The Board of Directors may, by resolution or resolutions passed by a majority of the whole board, designate one or more committees, each committee to consist of two or more directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the resolution of the Board of Directors, or in these By-Laws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the By-Laws of the corporation; and, unless the resolution, these By-Laws, or the Certificate of Incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

SECTION 8. MEETINGS. The newly elected directors may hold their first meeting for the purpose of organization and the transaction of business, if a quorum be present, immediately after the annual meeting of the stockholders; or the time and place of such meeting may be fixed by consent in writing of all the directors.

Regular meetings of the directors may be held without notice at such places and times as shall be determined from time to time by resolution of the directors.

Special meetings of the board may be called by the President or by the Secretary on the written request of any two directors on at least two day's notice to each director and shall be held at such place or places as may be determined by the directors, or shall be stated in the call of the meeting.

Unless otherwise restricted by the Certificate of Incorporation or by these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of

conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

SECTION 9. QUORUM. A majority of the directors shall constitute a quorum for the transaction of business. If at any meeting of the board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at the meeting which shall be so adjourned.

SECTION 10. COMPENSATION. Directors shall not receive any stated salary for their services as directors or as members of committees, but by resolution of the board a fixed fee and expenses of attendance may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

SECTION 11. ACTION WITHOUT MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the board, or of such committee as the case may be, and such written consent is filed with the minutes of proceedings of the board or committee.

ARTICLE IV

OFFICERS

SECTION 1. OFFICERS. The officers of the corporation shall be a President, a Treasurer, and a Secretary, all of whom shall be elected by the Board of Directors and who shall hold office until their successors are elected and qualified. In addition, the Board of Directors may elect a Chairman, one or more Vice-Presidents and such Assistant Secretaries and Assistant Treasurers as they may deem proper. None of the officers of the corporation need be directors. The officers shall be elected at the first meeting of the Board of Directors after each annual meeting. More than two offices may be held by the same person.

SECTION 2. OTHER OFFICERS AND AGENTS. The Board of Directors may appoint such other officers and agents as it may deem advisable, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

SECTION 3. CHAIRMAN. The Chairman of the Board of Directors, if one be elected, shall preside at all meetings of the Board of Directors and he shall have and perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 4. PRESIDENT. The President shall be the chief executive officer of the corporation and shall have the general powers and duties of supervision and management usually vested in the office of President of a corporation. He shall preside at all meetings of the stockholders if present thereat, and in the absence or nonelection of the Chairman of the Board of Directors, at all meetings of the Board of Directors, and shall have general supervision, direction and control of the business of the corporation. Except as the Board of Directors shall authorize the execution thereof in some other manner, he shall execute bonds, mortgages and other contracts in behalf of the corporation, and shall cause the seal to be affixed to any instrument requiring it and when so affixed the seal shall be attested by the signature of the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer.

SECTION 5. VICE-PRESIDENT. Each Vice-President shall have such powers and shall perform such duties as shall be assigned to him by the directors.

SECTION 6. TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the corporation. He shall deposit all moneys and other valuables in the name and to the credit of the corporation in such depositaries as may be designated by the Board of Directors.

The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, or the President, taking proper vouchers for such disbursements. He shall render to the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may request it, an account of all his transactions as Treasurer and of the financial condition of the corporation. If required by the Board of Directors, he shall give the corporation a bond for the faithful discharge of his duties in such amount and with such surety as the board shall prescribe.

SECTION 7. SECRETARY. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and directors, and all other notices required by law or by these By-Laws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the President, or by the directors, or stockholders, upon whose requisition the meeting is called as provided in these By-Laws. He shall record all the proceedings of the meetings of the corporation and of the directors in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him by the directors or the President. He shall have the custody of the seal of the corporation and shall affix the same to all instruments requiring it, when authorized by the directors or the President, and attest the same.

SECTION 8. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. Assistant Treasurers and Assistant Secretaries, if any, shall be elected and shall have such powers and shall perform such duties as shall be assigned to them, respectively, by the directors.

ARTICLE V

MISCELLANEOUS

SECTION 1. CERTIFICATES OF STOCK. Certificate of stock, signed by the Chairman or Vice Chairman of the Board of Directors, if they be elected, President or Vice-President, and the Treasurer or an Assistant Treasurer, or Secretary or an Assistant Secretary, shall be issued to each stockholder certifying the number of shares owned by him in the corporation. Any of or all the signatures may be facsimiles.

SECTION 2. LOST CERTIFICATES. A new certificate of stock may be issued in the place of any certificate theretofore issued by the corporation, alleged to have been lost or destroyed, and the directors may, in their discretion, require the owner of the lost or destroyed certificate, or his legal representatives, to give the corporation a bond, in such sum as they may direct, not exceeding double the value of the stock, to indemnify the corporation against any claim that may be made against it on account of the alleged loss of any such certificate, or the issuance of any such new certificate.

SECTION 3. TRANSFER OF SHARES. The shares of stock of the corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and upon such transfer the old certificates shall be surrendered to the corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other person as the directors may designate, by whom they shall be cancelled, and new certificates shall thereupon be issued. A record shall be made of each transfer and whenever a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

SECTION 4. STOCKHOLDERS RECORD DATE. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 5. DIVIDENDS. Subject to the provisions of the Certificate of Incorporation, the Board of Directors may, out of funds legally available therefor at any regular or special meeting, declare dividends upon the capital stock of the corporation as and when they deem expedient. Before declaring any dividend there may be set apart out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the directors shall deem conducive to the interests of the company.

SECTION 6. SEAL. The corporate seal shall be circular in form and shall contain the name of the corporation, the year of its creation and the words "CORPORATE SEAL

DELAWARE". Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

SECTION 7. FISCAL YEAR. The fiscal year of the corporation shall be determined by resolution of the Board of Directors.

SECTION 8. CHECKS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation, and in such manner as shall be determined from time to time by resolutions of the Board of Directors.

SECTION 9. NOTICE AND WAIVER OF NOTICE. Whenever any notice is required by these By-Laws to be given, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if given by depositing the same in the United States mail, postage prepaid, addressed to the person entitled thereto at his address as it appears on the records of the corporation, and such notice shall be deemed to have been given on the day of such mailing. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise provided by Statute.

Whenever any notice whatever is required to be given under the provisions of any law, or under the provisions of the Certificate of Incorporation of the corporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VI

AMENDMENTS

These By-Laws may be altered or repealed and By-Laws may be made at any annual meeting of the stockholders or at any special meeting thereof if notice of the proposed alteration or repeal or By-Law or By-Laws to be made be contained in the notice of such special meeting, by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote thereat , or by the affirmative vote of a majority of the Board of Directors, at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors, if notice of the proposed alteration or repeal, or By-Law or By-Laws to be made, be contained in the notice of such special meeting.

EXHIBIT 3.9

LIMITED LIABILITY COMPANY AGREEMENT

OF

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

A DELAWARE LIMITED LIABILITY COMPANY

EFFECTIVE AS OF APRIL 30, 1999

LIMITED LIABILITY COMPANY AGREEMENT
OF
SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

This LIMITED LIABILITY COMPANY AGREEMENT (as amended, restated or otherwise modified, this "Agreement" of SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC (the "LLC") is being executed by SCG HOLDING CORPORATION, a Delaware corporation (the "Member"), as of this 30th day of April, 1999, pursuant to the provisions of the Delaware Limited Liability Company Act (6 Del. C. ss. 18-101, et seq.) (as amended from time to time, the "Act"), on the following terms and conditions:

ARTICLE I

THE LLC

1.1 Organization. The Member hereby creates a limited liability company pursuant to the provisions of the Act and upon the terms and conditions set forth in this Agreement. The Member shall be deemed admitted as a member of the LLC upon its execution of this Agreement.

1.2 LLC Name. The name of the limited liability company formed hereby shall be "Semiconductor Components Industries, LLC" and all business of the LLC shall be conducted in such name or such other name as the Member shall determine. The LLC shall hold all of its property in the name of the LLC and not in the name of the Member.

1.3 Purpose. The purpose and the business of the LLC shall be to conduct and transact any and all lawful business for which limited liability companies may be organized under the Act.

1.4 Powers. The LLC shall possess and may exercise all the powers and privileges granted by the Act, all other applicable law or by this Agreement, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion and attainment of the business, purposes or activities of the LLC.

1.5 Principal Place of Business. The principal place of business of the LLC shall be 1303 E. Algonquin Road, Schaumburg, Illinois, 60196, or at such other location as may be designated by the Member from time to time.

1.6 Term. The term of the LLC shall be perpetual unless and until the LLC is dissolved by the Member or as set forth herein. The existence of the LLC as a separate legal entity shall continue until the cancellation of the Certificate of Formation of the LLC (the "Certificate") in the manner required by the Act.

1.7 Filings; Agent for Service of Process.

(a) The Certificate has been or shall be filed in the office of the Secretary of State of the State of Delaware in accordance with the provisions of the Act. The

Member, as an "authorized person" within the meaning of the Act, shall execute, deliver and file the Certificate with the Secretary of State of the State of Delaware. The Member shall take any and all other actions reasonably necessary to perfect and maintain the status of the LLC under the laws of the State of Delaware. The Member shall execute and file amendments to the Certificate whenever required by the Act.

(b) The Member shall execute and file such forms or certificates and may take any and all other actions as may be reasonably necessary to perfect and maintain the status of the LLC under the laws of any other states or jurisdictions in which the LLC engages in business.

(c) The initial registered agent for service of process on the LLC in the State of Delaware, and the address of such registered agent, shall be the agent for service of process set forth in the Certificate. The Member may change the registered agent and appoint successor registered agents.

(d) Upon the dissolution and completion of winding up of the LLC, the Member (or, in the event the Member no longer exists, the person responsible for winding up and dissolution of the LLC pursuant to Article IV hereof) shall promptly execute and file a certificate of cancellation of the Certificate in accordance with the Act and such other documents as may be required by the laws of any other states or jurisdictions in which the LLC has registered to transact business or otherwise filed articles.

1.8 Reservation of Other Business Opportunities. No business opportunities other than those actually exploited by the LLC shall be deemed the property of the LLC, and the Member may engage in or possess an interest in any other business venture, independently or with others, of any nature or description, even if such venture or opportunity is in direct competition with the business of the LLC; and the LLC shall have no rights by virtue hereof in or to such other business ventures, or to the income or profits derived therefrom.

ARTICLE II

MANAGEMENT AND MEMBERSHIP

2.1 Management of LLC. The business and affairs of the LLC shall be managed under the direction and by the approval of the Member. The Member agrees to delegate this right and authority to manage and direct the management of the business and affairs of the LLC and to make all decisions to be made by or on behalf of the LLC to such managers as are appointed herein (the "Officers" and each an "Officer"). The Member hereby delegates to the Officers all power and authority to manage, and direct the management of, the business and affairs of, and to make all decisions to be made by the LLC. Approval by, or on behalf of the LLC, consent of or action taken by any of the Officers shall constitute approval or action by the LLC and shall be binding upon the LLC. Any Person dealing with the LLC shall be entitled to rely on a certificate or any writing signed by an Officer as the duly authorized action of the LLC.

2.2 Officers. The Officers of the LLC shall not be required to be Members of the LLC. Initially, the only Officer shall be the Chief Executive Officer. Such other Officers as may be deemed necessary may be appointed by the Chief Executive Officer or the Member and shall have such titles, power, duties and term as may be prescribed by the Chief Executive Officer or the Member. The Member may assign titles to particular officers. Unless the Member decides otherwise, if the title is one commonly used for officers of a business corporation formed under the General Corporation Law of the State of Delaware, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office, subject to any restrictions on such authority imposed by the Member. Any number of offices may be held by the same person.

2.3 Election of Officers and Term of Office. The initial Chief Executive Officer shall be Carl F. Koenemann. The Chief Executive Officer shall be elected from time to time by the Member. Each Officer shall hold office until a successor shall have been duly elected or appointed and shall have qualified or until such Officer's death, resignation or removal in the manner provided hereinafter.

2.4 Removal of Officers. Any Officer may be removed by the Member whenever in his judgment the best interests of the LLC would be served thereby. The Chief Executive Officer may remove any Officer appointed by the Chief Executive Officer.

2.5 Vacancies. Any Officer who dies or resigns or is removed or disqualified may be replaced by the Member for the unexpired portion of the replaced Officer's term.

2.6 Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the LLC and shall be generally in charge of its business and affairs, subject to the control of the Member. The Chief Executive Officer shall preside at all meetings of the Officers. The Chief Executive Officer may execute on behalf of the LLC all contracts, agreements, certificates and other instruments. The Chief Executive Officer shall from time to time report to the Member all matters within the Chief Executive Officer's knowledge affecting the LLC which should be brought to the attention of the Member. The Chief Executive Officer shall vote all shares of stock or other interests in other entities owned by the LLC, and shall be empowered to execute proxies, waivers of notice, consents and other instruments in the name of the LLC with respect to such stock or interest. The Chief Executive Officer shall perform such other duties as are required by the Member.

2.7 Written Consent. Any action requiring the vote, consent, approval or action of the Member may be taken by a consent in writing, setting forth the action so taken, by the Member. Any action requiring the vote, consent, approval or action of any of the Officers or any group of Officers may be taken by a consent in writing, setting forth the action to be so taken, by such Officer or Officers.

2.8 Books and Records. The Chief Executive Officer shall keep, or shall designate an individual to keep, proper and usual books and records pertaining to the business of the LLC. The books and records of the LLC shall be kept at the principal office of the LLC or at such

other places, within or without the State of Delaware, as the Member shall from time to time determine.

2.9 Salary. No salary shall be paid to the Member or to any Officer for its duties set forth hereunder.

2.10 Resignation. Subject to Section 4.1, the Member may resign from the LLC.

2.11 Limited Liability.

(a) Except as otherwise provided by the Act, the debts, obligations and liabilities of the LLC, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the LLC, and the Member shall not be obligated personally for any such debt, obligation or liability of the LLC solely by reason of being a member of the LLC.

(b) To the extent that at law or in equity, the Member, an Officer or any other party shall have duties (including fiduciary duties) and liabilities to the LLC, such duties and liabilities may be restricted by provisions of this Agreement. None of the Member or any Officer shall be liable to the LLC (or, in the case of an Officer, to the Member) for any loss, damage or claim incurred by reason of any act or omission performed or omitted by the Member or such Officer in good faith on behalf of the LLC and in a manner reasonably believed to be within the scope of authority conferred on the Member or such Officer by this Agreement.

(c) The Member and each of the Officers shall be fully protected in relying in good faith upon the records of the LLC and upon such information, opinions, reports or statements presented to the LLC by any person as to the matters the Member or such Officer reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the LLC, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses or net cash flow or any other facts pertinent to the existence and amount of assets from which distributions to the Member might properly be paid.

(d) Any repeal or modification of this Section 2.11 shall not adversely affect any right or protection of the Member or any Officer existing prior to such repeal or modification.

2.12 Indemnification.

(a) The LLC shall indemnify and hold harmless the Member, each Officer and each of their respective affiliates, officers, directors, shareholders, agents or employees (the "Parties") from and against any loss, expense, damage or injury suffered or sustained by the Panics (or any of them) by reason of any acts, omissions or alleged acts or omissions arising out of its or their activities on behalf of the LLC or in furtherance of the interests of the LLC, including, but not limited to, any judgment, award, settlement,

reasonable attorney's fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim; provided that the acts, omissions or alleged acts or omissions of such Party are not found by a court of competent jurisdiction upon entry of a final judgment to constitute bad faith, gross negligence or willful misconduct by such Party. Such indemnification shall be made only to the extent of the assets of the LLC.

(b) To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Party (or any of them) in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the LLC prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the LLC of an undertaking by or on behalf of the Party (or any of them) to repay such amount if it shall be determined that the Party is not entitled to be indemnified as authorized in this Section 2.12 hereof.

2.13 Transfer of Interest. The Member may transfer or assign all or a portion of its interest in the LLC. Upon a transfer of the Member's entire interest in the LLC, such transferee or assignee shall become the "Member" for all purposes of this Agreement. Upon a transfer or assignment of less than the Member's entire interest the LLC, the Member and such transferee or assignee shall amend this Agreement to reflect such transfer or assignment, or if the terms of such an amendment shall not be agreed upon, the Member may elect to dissolve the LLC in its sole discretion.

2.14 No Tax Election. The Member shall not make an election to have the Company treated as an association taxable as a corporation for federal income tax purposes.

ARTICLE III

FISCAL MATTERS

3.1 Deposits. All funds of the LLC shall be deposited in an account or accounts in such banks, trust companies or other depositories as the Member may select.

3.2 Financial Records. All financial records shall be maintained and reported using GAAP, consistently applied.

3.3 Fiscal Year. The fiscal year of the LLC shall begin on the first day of January each year (except for the first fiscal year of the LLC, which shall begin on the date of this Agreement) and end on the last day of December each year (except for the last fiscal year of the LLC, which shall end on the date on which the LLC is terminated), unless otherwise determined by the Member.

3.4 Agreements, Consents, Checks, Etc. All agreements, consents, checks, drafts or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the LLC shall be signed by the Member or those persons authorized from time to time by the Member.

3.5 Transactions with the Member. Except as provided in the Act, the Member may lend money to, borrow money from, act as surety, guarantor or endorser for, guarantee or assume one or more obligations of, provide collateral for, and transact other business with the LLC and has the same rights and obligations with respect to any such matter as a person who is not the Member.

3.6 Contribution.

(a) The Member shall make the contribution of capital described for that Member on Exhibit A (the "Initial Contribution"). If no time for the Initial Contribution is specified, the Initial Contribution shall be made upon the filing of the Certificate with the Secretary of State. The value of the Initial Contribution shall be as set forth on Exhibit A. No interest shall accrue on any contribution and the Member shall not have the right to withdraw or be repaid any contribution except as provided herein.

(b) In addition to the Initial Contribution, the Member may make additional contributions. Except to the extent of any outstanding commitment of the Member to make a contribution, the Member shall not be obligated to make any additional contributions. The Member shall adjust the contribution reflected on Exhibit A at any time when the Member makes or promises to make a contribution to the LLC.

3.7 Distributions. The Company may make distributions as determined by the Member from time to time in accordance with this Agreement; provided, however, that no distribution shall be declared and paid unless, after the distribution is made, the assets of the LLC are in excess of the liabilities of the LLC and such distribution does not violate the Act or other applicable law. The Member may, at its sole discretion, elect to receive a distribution from assets other than cash.

ARTICLE IV

LIQUIDATION

4.1 Liquidating Events. The LLC shall dissolve and commence winding up and liquidation only upon the first to occur of any of the following ("Liquidation Events"):

(a) The sale of all or substantially all of the property of the LLC;

(b) The resignation of the Member or any other event that causes the last remaining member of the LLC to cease to be a member of the LLC, unless the business of the LLC is continued in a manner permitted by the Act; or

(c) The entry of a decree of judicial dissolution pursuant to Section 18-802 of the Act.

4.2 Winding Up. Upon the occurrence of a Liquidating Event, the LLC shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and Member. The Member shall not take any

action which is inconsistent with, or not necessary to or appropriate for, the winding up of the LLC's business and affairs. The Member (or in the event that the Member is dead or no longer exists, the person responsible for winding up the Member's business and affairs) shall be responsible for overseeing the winding up and dissolution of the LLC and shall take full account of the LLC's liabilities. The property of the LLC shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom, to the extent sufficient, shall be applied and distributed, subject to any reasonable reserves maintained for contingent, conditional or unmatured obligations of the LLC, in the following order:

(a) first, to the satisfaction (whether by payment or the making of reasonable provision for payment thereof) of all of the LLC's debts and liabilities to creditors other than the Member;

(b) second, to the satisfaction (whether by payment or the making of reasonable provision for payment thereof) of all of the LLC's debts and liabilities to the Member; and

(c) the balance, if any, to the Member.

4.3 Member's Bankruptcy. The Member shall not cease to be the Member solely as a result of the occurrence of any of the following and upon the occurrence of any such event, the business of the LLC shall continue without dissolution:

(a) the Member makes an assignment for the benefit of creditors;

(b) the Member files a voluntary petition in bankruptcy;

(c) the Member is adjudged a bankrupt or insolvent, or has entered against him an order of relief, in any bankruptcy or insolvency proceeding;

(d) the Member files a petition or answer seeking for himself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;

(e) the Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against him in any proceeding of this nature;

(f) the Member seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the member or of all or any substantial part of his properties;

(g) any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation is not dismissed; or

(h) appointment of a trustee, receiver or liquidator of the Member.

4.4 Accounting on Liquidation. Upon liquidation, a proper accounting shall be made by the LLC's accountants of the LLC's assets, liabilities and results of operations through the last day of the month in which the LLC is terminated.

ARTICLE V

MISCELLANEOUS

5.1 Amendments. This Agreement may be altered, amended or repealed, or a new Agreement may be adopted, upon the consent written of the Member.

5.2 Binding Effect. Except as otherwise provided in this Agreement, every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the Member and its respective heirs, legatees, legal representatives, successors, transferees and assigns.

5.3 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforced by any creditor of the LLC or Member.

5.4 Construction. The Member shall have the full power and authority to construe and interpret this Agreement.

5.5 Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

5.6 Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

5.7 Variation of Pronouns. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

5.8 Governing Law. The laws of the State of Delaware shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the Member, without regard to the principles of conflicts of laws.

[signature page follows]

IN WITNESS WHEREOF, the Member has executed this Agreement as of the day first above set forth.

SCG HOLDING CORPORATION

By:/s/ Carl F. Koenemann

Name: Carl F. Koenemann

Title: President

EXHIBIT A

CAPITAL CONTRIBUTIONS OF MEMBER

NAME	CAPITAL CONTRIBUTION	PERCENTAGE INTEREST
SCG Holding Corporation	$10.00	100%
TOTAL	$10.00	100%

AMENDMENT TO THE
LIMITED LIABILITY COMPANY AGREEMENT
OF SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

SCG Holding Corporation, being the sole member of Semiconductor Components Industries, LLC (the "Company"), amended the Limited Liability Company Agreement of the Company by a written consent dated August 4, 1999 as follows:

Section 1.4 was amended to add the following immediately before the period at the end of Section 1.4 thereof:

", and, without limiting the foregoing, shall possess and may exercise all of the powers that are exercisable under Section 121 and 122 under the Delaware General Corporation Law by a Delaware corporation."

Section 2.13 was amended to add the following at the end of Section 2.13:

"A Member's interest in the LLC may be evidenced by a certificate of limited liability company interest issued by the LLC."

EXHIBIT 3.10

SCG (MALAYSIA SMP) HOLDING CORPORATION

BYLAWS

ARTICLE I

OFFICES

SECTION 1
REGISTERED OFFICE

The registered office in the State of Delaware shall be at 1209 Orange Street, Wilmington, DE 19801. The name of the Corporation's registered agent at such address shall be the Corporation Trust Incorporated.

SECTION 2
OTHER OFFICES

The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1
ANNUAL AND SPECIAL MEETINGS

The annual meeting of the stockholders shall be held on any day in May in each year at 10:00 A.M. at its principal business office in the State of Illinois or at such other date, time, and place as may be fixed by the Board of Directors. Special meetings of stockholders may be called by the Board of Directors for any other purpose may be held at such time and place, within or without the State of Illinois, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

SECTION 2
NOTICE OF MEETINGS

Written or printed notice of every annual or special meeting of the stockholders, stating the place, date, time and in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting not less than 10, nor more than 60 days, before the date of the meeting. All such notices shall be delivered, either personally or by mail, by or at the direction of the Board of Directors, the President or the Secretary, and if mailed, such notice shall be deemed to be delivered when deposited in the

United States mail addressed to the stockholder at his address as it appears on the records of the Corporation, with postage prepaid.

SECTION 3
STOCKHOLDER LIST

The officer having charge of the stock ledger of the Corporation shall make, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetic order, specifying the address of and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. This list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 4
QUORUM

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by statute or by the certificate of incorporation. If a quorum is not present, the holders of the shares present in person or represented by proxy at the meeting, and entitled to vote thereat, shall have the power, by the affirmative vote of the holders of a majority of such shares, to adjourn the meeting to another time and/or place. Unless the adjournment is for more than 30 days or unless a new record date is set for the adjourned meeting, no notice of the adjourned meeting need be given to any stockholder, provided that the time and place of the adjourned meeting were announced at the meeting at which the adjournment was taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

SECTION 5
MAJORITY VOTE

When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of an applicable statute or of the certificate of incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question.

SECTION 6
PROXY

Every stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such

stockholder, except that no proxy shall be voted on after three years from its date, unless such proxy provides for a longer period.

SECTION 7
ACTION BY WRITTEN CONSENT

Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of stockholders may be dispensed with if all the stockholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken, or if the stockholders having not less than the percentage of the total number of shares of stock required by The General Corporation Law of Delaware for passage of the proposed corporate action shall consent in writing to such corporate action being taken, provided that if less than all the stockholders entitled to vote consent in writing to the proposed corporate action, prompt notice of the taking of such corporate action by consent of stockholders is given to all stockholders of the Corporation. Any action taken pursuant to the written consent of the stockholders, as provided for in the preceding sentence, shall have the same force and effect as if taken by the stockholders at a meeting thereof.

ARTICLE III

DIRECTORS

SECTION 1
NUMBER; ELECTION

The number of directors which shall constitute the whole Board shall be determined by the Board but shall not be less than three. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified.

SECTION 2
VACANCIES

Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office though less than a quorum, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, unless sooner displaced.

SECTION 3
QUORUM; VOTING

At all meetings of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may

adjourn the meeting from time to time, without notice, other than announcement at the meeting, until a quorum shall be present.

SECTION 4
MEETINGS

Meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board. Special meetings of the Board of Directors may be called by the Chief Executive Officer, the President or the Secretary on 24 hours notice to each director, either personally, by telephone, by mail, or by telegraph; in like manner and on like notice, the Chief Executive Officer or the President must call a special meeting on the written request of three directors.

SECTION 5
COMMITTEES

The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more of the directors of the Corporation, which to the extent provided in the resolution shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require the same.

SECTION 6
COMMITTEE RULES AND QUORUM

Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by the resolution of the Board of Directors designating such committee, but in all cases the presence of at least a majority of the members of such committee shall be necessary to constitute a quorum. In the event that a member of such committee is absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

SECTION 7
ACTION BY WRITTEN CONSENT

Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

SECTION 8
FEES

The directors, other than directors who are employees of the Company or its parent corporation, may be paid for expenses of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of committees designated by the Board of Directors may be allowed like compensation for attending committee meetings.

ARTICLE IV

OFFICERS

SECTION 1
ELECTION

The officers of the Corporation shall be chosen by the Board of Directors and shall consist of a Chief Executive Officer, President, one or more Vice-Presidents, a Secretary, a Treasurer, and such other officers and assistant officers as may be deemed necessary by the Board of Directors. Any number of offices may be held by the same person. In its discretion, the Board of Directors may leave unfilled for any period as it may deem advisable any office except offices of President and Secretary.

SECTION 2
TERM; REMOVAL; VACANCIES

The officers of the Corporation shall hold office until their successors are chosen and qualified. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

SECTION 3
THE CHIEF EXECUTIVE OFFICER AND THE PRESIDENT

The Chief Executive Officer shall be the chief executive officer of the Corporation, shall preside at all meetings of the stockholders, shall have responsibility for general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

The President shall be the chief operating officer of the Corporation and shall have responsibility for day to day management of the business of the Corporation as directed by the Chief Executive Officer. In the absence or disability of the Chief Executive Officer, the

President shall perform the duties and exercise the powers of the Chief Executive Officer. The President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

SECTION 4
THE VICE-PRESIDENTS

The Vice-President, or if there shall be more than one, the Vice-Presidents in the order determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

SECTION 5
THE SECRETARY AND ASSISTANT SECRETARIES

The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the fixing by his signature. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

SECTION 6
THE TREASURER AND ASSISTANT TREASURERS

The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an amount of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration of the Corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in his possession or under his control belonging to

the Corporation. The Assistant Treasurer or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors, shall in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE V

CERTIFICATES OF STOCK

SECTION 1
CERTIFICATES

Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by the President or a Vice-President and the Treasurer or an Assistant Treasurer or, the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

SECTION 2
LOST CERTIFICATES

The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

SECTION 3
FIXING A RECORD DATE

The Board of Directors may fix in advance a date, not more than 60 nor less than 10 days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such

meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consents, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid. If no record date is fixed, the time for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. The time for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

SECTION 4
REGISTERED STOCKHOLDERS

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VI

INDEMNIFICATION

Directors and officers of the Corporation shall be indemnified to the fullest extent now or hereafter permitted by law in connection with any threatened, pending or completed action, suit or proceeding (including civil, criminal, administrative or investigative proceedings or any settlements thereof) arising out of or in connection with their service to the Corporation or to another organization at the corporation's request; and without limiting the generality of the foregoing, the Corporation shall indemnify any person within the scope of the foregoing to the same extent as it is expressly given the power to do so by the General Corporation Law of the State of Delaware, as in effect from time to time.

Expenses incurred with respect to any threatened, pending or contemplated action, suit or proceeding to which this ARTICLE may apply may be paid by the Corporation in advance of the final disposition thereof upon receipt of an undertaking by the person to repay such amount or amounts if and when it shall be ultimately determined, in accordance with Delaware law, that he is not entitled to indemnification.

The provisions of this ARTICLE shall be applicable to actions or proceedings commenced or settled prior to or after the adoption hereof (whether the service to the Corporation in connection with which such actions or proceedings arise shall have occurred prior

to or after the adoption hereof), and to persons who have ceased to be directors, officers, employees or agents of the Corporation and shall inure to the benefit of their heirs, executors and administrators.

The indemnification provided by this ARTICLE shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of stockholders or disinterested directors, statute, bylaw of the Corporation or otherwise.

It shall be conclusively presumed that every person entitled to indemnification under this ARTICLE served the Corporation in reliance thereon. The revocation or modification of this ARTICLE shall have absolutely no adverse effect upon the rights of any person which, aside from said revocation or modification, may arise or shall have then arisen out of or in connection with his service to or at the request of the Corporation prior to said revocation or modification.

ARTICLE VII

GENERAL PROVISIONS

DIVIDENDS

SECTION 1
DECLARATION; PAYMENT

Dividends upon the capital stock of the Corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

SECTION 2
CHECKS

All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 3
FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year.

SECTION 4
SEAL

The corporate seal shall have inscribed thereon the names of the Corporation, and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

AMENDMENTS

SECTION 1

These bylaws may be altered or repealed at any meeting of the Board of Directors.

SCG (China) Holding Corporation

BYLAWS

ARTICLE I

OFFICES

SECTION 1
REGISTERED OFFICE

The registered office in the State of Delaware shall be at 1209 Orange Street, Wilmington, DE 19801. The name of the Corporation's registered agent at such address shall be the Corporation Trust Incorporated.

SECTION 2
OTHER OFFICES

The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1
ANNUAL AND SPECIAL MEETINGS

The annual meeting of the stockholders shall be held on any day in January in each year at 10:00 A.M. at its principal business office in the State of Illinois or at such other date, time, and place as may be fixed by the Board of Directors. Special meetings of stockholders may be called by the Board of Directors for any other purpose may be held at such time and place, within or without the State of Illinois, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

SECTION 2
NOTICE OF MEETINGS

Written or printed notice of every annual or special meeting of the stockholders, stating the place, date, time and in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting not less than 10, nor more than 60 days, before the date of the meeting. All such notices shall be delivered, either personally or by mail, by or at the direction of the Board of Directors, the President or

the Secretary, and if mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the stockholder at his address as it appears on the records of the Corporation, with postage prepaid.

SECTION 3
STOCKHOLDER LIST

The officer having charge of the stock ledger of the Corporation shall make, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetic order, specifying the address of and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. This list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 4
QUORUM

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by statute or by the certificate of incorporation. If a quorum is not present, the holders of the shares present in person or represented by proxy at the meeting, and entitled to vote thereat, shall have the power, by the affirmative vote of the holders of a majority of such shares, to adjourn the meeting to another time and/or place. Unless the adjournment is for more than 30 days or unless a new record date is set for the adjourned meeting, no notice of the adjourned meeting need be given to any stockholder, provided that the time and place of the adjourned meeting were announced at the meeting at which the adjournment was taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

SECTION 5
MAJORITY VOTE

When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of an applicable statute or of the certificate of incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question.

SECTION 6
PROXY

Every stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, except that no proxy shall be voted on after three years from its date, unless such proxy provides for a longer period.

SECTION 7
ACTION BY WRITTEN CONSENT

Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of stockholders may be dispensed with if all the stockholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken, or if the stockholders having not less than the percentage of the total number of shares of stock required by The General Corporation Law of Delaware for passage of the proposed corporate action shall consent in writing to such corporate action being taken, provided that if less than all the stockholders entitled to vote consent in writing to the proposed corporate action, prompt notice of the taking of such corporate action by consent of stockholders is given to all stockholders of the Corporation. Any action taken pursuant to the written consent of the stockholders, as provided for in the preceding sentence, shall have the same force and effect as if taken by the stockholders at a meeting thereof.

ARTICLE III

DIRECTORS

SECTION 1
NUMBER; ELECTION

The number of directors which shall constitute the whole Board shall be determined by the Board but shall not be less than three. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified.

SECTION 2
VACANCIES

Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office though less than a quorum, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, unless sooner displaced.

SECTION 3
QUORUM; VOTING

At all meetings of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice, other than announcement at the meeting, until a quorum shall be present.

SECTION 4
MEETINGS

Meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board. Special meetings of the Board of Directors may be called by the Chief Executive Officer, the President or the Secretary on 24 hours notice to each director, either personally, by telephone, by mail, or by telegraph; in like manner and on like notice, the Chief Executive Officer or the President must call a special meeting on the written request of three directors.

SECTION 5
COMMITTEES

The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more of the directors of the Corporation, which to the extent provided in the resolution shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require the same.

SECTION 6
COMMITTEE RULES AND QUORUM

Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by the resolution of the Board of Directors designating such committee, but in all cases the presence of at least a majority of the members of such committee shall be necessary to constitute a quorum. In the event that a member of such committee is absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

SECTION 7
ACTION BY WRITTEN CONSENT

Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

SECTION 8
FEES

The directors, other than directors who are employees of the Company or its parent corporation, may be paid for expenses of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of

committees designated by the Board of Directors may be allowed like compensation for attending committee meetings.

ARTICLE IV

OFFICERS

SECTION 1
ELECTION

The officers of the Corporation shall be chosen by the Board of Directors and shall consist of a Chief Executive Officer, President, one or more Vice-Presidents, a Secretary, a Treasurer, and such other officers and assistant officers as may be deemed necessary by the Board of Directors. Any number of offices may be held by the same person. In its discretion, the Board of Directors may leave unfilled for any period as it may deem advisable any office except offices of President and Secretary.

SECTION 2
TERM; REMOVAL; VACANCIES

The officers of the Corporation shall hold office until their successors are chosen and qualified. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

SECTION 3
THE CHIEF EXECUTIVE OFFICER AND THE PRESIDENT

The Chief Executive Officer shall be the chief executive officer of the Corporation, shall preside at all meetings of the stockholders, shall have responsibility for general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

The President shall be the chief operating officer of the Corporation and shall have responsibility for day to day management of the business of the Corporation as directed by the Chief Executive Officer. In the absence or disability of the Chief Executive Officer, the President shall perform the duties of and exercise the powers of the Chief Executive Officer. The President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

SECTION 4
THE VICE-PRESIDENTS

The Vice-President, or if there shall be more than one, the Vice-Presidents in the order determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President and shall perform such

other duties and have such other powers as the Board of Directors may from time to time prescribe.

SECTION 5
THE SECRETARY AND ASSISTANT SECRETARIES

The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the fixing by his signature. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

SECTION 6
THE TREASURER AND ASSISTANT TREASURERS

The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration of the Corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in his possession or under his control belonging to the Corporation. The Assistant Treasurer or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors, shall in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE V

CERTIFICATES OF STOCK

SECTION 1
CERTIFICATES

Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by the President or a Vice-President and the Treasurer or an Assistant Treasurer or, the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

SECTION 2
LOST CERTIFICATES

The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

SECTION 3
FIXING A RECORD DATE

The Board of Directors may fix in advance a date, not more than 60 nor less than 10 days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consents, as the case may be,

notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid. If no record date is fixed, the time for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. The time for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

SECTION 4
REGISTERED STOCKHOLDERS

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VI

INDEMNIFICATION

Directors and officers of the Corporation shall be indemnified to the fullest extent now or hereafter permitted by law in connection with any threatened, pending or completed action, suit or proceeding (including civil, criminal, administrative or investigative proceedings or any settlements thereof) arising out of or in connection with their service to the Corporation or to another organization at the corporation's request; and without limiting the generality of the foregoing, the Corporation shall indemnify any person within the scope of the foregoing to the same extent as it is expressly given the power to do so by the General Corporation Law of the State of Delaware, as in effect from time to time.

Expenses incurred with respect to any threatened, pending or contemplated action, suit or proceeding to which this ARTICLE may apply may be paid by the Corporation in advance of the final disposition thereof upon receipt of an undertaking by the person to repay such amount or amounts if and when it shall be ultimately determined, in accordance with Delaware law, that he is not entitled to indemnification.

The provisions of this ARTICLE shall be applicable to actions or proceedings commenced or settled prior to or after the adoption hereof (whether the service to the Corporation in connection with which such actions or proceedings arise shall have occurred prior to or after the adoption hereof), and to persons who have ceased to be directors, officers. employees or agents of the Corporation and shall inure to the benefit of their heirs, executors and administrators.

The indemnification provided by this ARTICLE shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of stockholders or disinterested directors, statute, bylaw of the Corporation or otherwise.

It shall be conclusively presumed that every person entitled to indemnification under this ARTICLE served the Corporation in reliance thereon. The revocation or modification of this ARTICLE shall have absolutely no adverse effect upon the rights of any person which, aside from said revocation or modification, may arise or shall have then arisen out of or in connection with his service to or at the request of the Corporation prior to said revocation or modification.

ARTICLE VII

GENERAL PROVISIONS

DIVIDENDS

SECTION 1
DECLARATION; PAYMENT

Dividends upon the capital stock of the Corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

SECTION 2
CHECKS

All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 3
FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year.

SECTION 4
SEAL

The corporate seal shall have inscribed thereon the names of the Corporation, and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

AMENDMENTS

SECTION 1

These bylaws may be altered or repealed at any meeting of the Board of Directors.

EXHIBIT 3.12

EXHIBIT A

SCG (CZECH) HOLDING CORPORATION

BYLAWS

ARTICLE I

OFFICES

Section 1
Registered Office

The registered office in the State of Delaware shall be at 1209 Orange Street, Wilmington, DE 19801. The name of the Corporation's registered agent at such address shall be the Corporation Trust Incorporated.

Section 2
Other Offices

The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1
Annual and Special Meetings

The annual meeting of the stockholders shall be held on the first Tuesday in May in each year at 10:00 A.M. at its principal business office in the State of Illinois or at such other date, time, and place as may be fixed by the Board of Directors. Special meetings of stockholders may be called by the Board of Directors for any other purpose may be held at such time and place, within or without the State of Illinois, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2
Notice of Meetings

Written or printed notice of every annual or special meeting of the stockholders, stating the place, date, time and in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting not less than 10, nor more than 60 days, before the date of the meeting. All such notices shall be delivered, either personally or by mail, by or at the direction of the Board of Directors, the President or the Secretary, and if mailed, such notice shall be deemed to be delivered when deposited in the

United States mail addressed to the stockholder at his address as it appears on the records of the Corporation, with postage prepaid.

Section 3
Stockholder List

The officer having charge of the stock ledger of the Corporation shall make, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetic order, specifying the address of and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to he held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. This list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 4
Quorum

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by statute or by the certificate of incorporation. If a quorum is not present, the holders of the shares present in person or represented by proxy at the meeting, and entitled to vote thereat, shall have the power, by the affirmative vote of the holders of a majority of such shares, to adjourn the meeting to another time and/or place. Unless the adjournment is for more than 30 days or unless a new record date is set for the adjourned meeting, no notice of the adjourned meeting need be given to any stockholder, provided that the time and place of the adjourned meeting were announced at the meeting at which the adjournment was taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

Section 5
Majority Vote

When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of an applicable statute or of the certificate of incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 6
Proxy

Every stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, except that no proxy shall be voted on after three years from its date, unless such proxy provides for a longer period.

Section 7
Action by Written Consent

Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of stockholders may be dispensed with if all the stockholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken, or if the stockholders having not less than the percentage of the total number of shares of stock required by The General Corporation Law of Delaware for passage of the proposed corporate action shall consent in writing to such corporate action being taken, provided that if less than all the stockholders entitled to vote consent in writing to the proposed corporate action, prompt notice of the taking of such corporate action by consent of stockholders is given to all stockholders of the Corporation. Any action taken pursuant to the written consent of the stockholders, as provided for in the preceding sentence, shall have the same force and effect as if taken by the stockholders at a meeting thereof.

ARTICLE III

DIRECTORS

Section 1
Number, Election

The number of directors which shall constitute the whole Board shall be determined by the Board but shall not be less than three. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified.

Section 2
Vacancies

Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office though less than a quorum, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, unless sooner displaced.

Section 3
Quorum; Voting

At all meetings of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice, other than announcement at the meeting, until a quorum shall be present.

Section 4
Meetings

Meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board. Special meetings of the Board of Directors may be called by the Chief Executive Officer, the President or the Secretary on 24 hours notice to each director, either personally, by telephone, by mail, or by telegraph; in like manner and on like notice, the Chief Executive Officer or the President must call a special meeting on the written request of three directors.

Section 5
Committees

The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more of the directors of the Corporation, which to the extent provided in the resolution shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require the same.

Section 6
Committee Rules and Quorum

Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by the resolution of the Board of Directors designating such committee, but in all cases the presence of at least a majority of the members of such committee shall be necessary to constitute a quorum. In the event that a member of such committee is absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 7
Action by Written Consent

Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 8
Fees

The directors, other than directors who are employees of the Company or its parent corporation, may be paid for expenses of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in

any other capacity and receiving compensation therefor. Members of committees designated by the Board of Directors may be allowed like compensation for attending committee meetings.

ARTICLE IV

OFFICERS

Section I
Election

The officers of the Corporation shall be chosen by the Board of Directors and shall consist of a Chief Executive Officer, a President, one or more Vice-Presidents, a Secretary, a Treasurer, and such other officers and assistant officers as may be deemed necessary by the Board of Directors. Any number of offices may be held by the same person. In its discretion, the Board of Directors may leave unfilled for any period as it may deem advisable any office except offices of President and Secretary.

Section 2
Term; Removal; Vacancies

The officers of the Corporation shall hold office until their successors are chosen and qualified. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

Section 3
The Chief Executive Officer and The President

The Chief Executive Officer shall be the chief executive officer of the Corporation, shall preside at all meetings of the stockholders, shall have responsibility for general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

The President shall be the chief operating officer of the Corporation and shall have responsibility for day to day management of the business of the Corporation as directed by the Chief Executive Officer. In the absence or disability of the Chief Executive Officer, the President shall perform the duties of the and exercise the powers of the Chief Executive Officer. The President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 4
The Vice-Presidents

The Vice-President, or if there shall be more than one, the Vice-Presidents in the order determined by the Board of Directors, shall, in the absence or disability of the President, perform

the duties and exercise the powers of the President and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 5
The Secretary and Assistant Secretaries

The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the fixing by his signature. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 6
The Treasurer and Assistant Treasurers

The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration of the Corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in his possession or under his control belonging to the Corporation. The Assistant Treasurer or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors, shall in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE V

CERTIFICATES OF STOCK

Section 1
Certificates

Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by the President or a Vice-president and the Treasurer or an Assistant Treasurer or, the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

Section 2
Lost Certificates

The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 3
Fixing a Record Date

The Board of Directors may fix in advance a date, not more than 60 nor less than 10 days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into affect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consents, as the case may be, notwithstanding any transfer of any stock on the books of the

Corporation after any such record date fixed as aforesaid. If no record date is fixed, the time for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. The time for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 4
Registered Stockholders

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VI

INDEMNIFICATION

Directors and officers of the Corporation shall be indemnified to the fullest extent now or hereafter permitted by law in connection with any threatened, pending or completed action, suit or proceeding (including civil, criminal, administrative or investigative proceedings or any settlements thereof) arising out of or in connection with their service to the Corporation or to another organization at the corporation's request; and without limiting the generality of the foregoing, the Corporation shall indemnify any person within the scope of the foregoing to the same extent as it is expressly given the power to do so by the General Corporation Law of the State of Delaware, as in effect from time to time.

Expenses incurred with respect to any threatened, pending or contemplated action, suit or proceeding to which this ARTICLE may apply may be paid by the Corporation in advance of the final disposition thereof upon receipt of an undertaking by the person to repay such amount or amounts if and when it shall be ultimately determined, in accordance with Delaware law, that he is not entitled to indemnification.

The provisions of this ARTICLE shall be applicable to actions or proceedings commenced or settled prior to or after the adoption hereof (whether the service to the Corporation in connection with which such actions or proceedings arise shall have occurred prior to or after the adoption hereof), and to persons who have ceased to be directors, officers, employees or agents of the Corporation and shall inure to the benefit of their heirs, executors and administrators.

The indemnification provided by this ARTICLE shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of stockholders or disinterested directors, statute, bylaw of the Corporation or otherwise.

It shall be conclusively presumed that every person entitled to indemnification under this ARTICLE served the Corporation in reliance thereon. The revocation or modification of this ARTICLE shall have absolutely no adverse effect upon the rights of any person which, aside from said revocation or modification, may arise or shall have then arisen out of or in connection with his service to or at the request of the Corporation prior to said revocation or modification.

ARTICLE VII

GENERAL PROVISIONS

DIVIDENDS

Section 1
Declaration; Payment

Dividends upon the capital stock of the Corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 2
Checks

All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3
Fiscal Year

The fiscal year of the Corporation shall be the calendar year.

Section 4
Seal

The corporate seat shall have inscribed thereon the names of the Corporation, and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

AMENDMENTS

Section 1

These bylaws may be altered or repealed at any meeting of the Board of Directors.

EXHIBIT 3.13

SEMICONDUCTOR COMPONENTS INDUSTRIES PUERTO RICO, INC.

BYLAWS

ARTICLE I

OFFICES

Section 1
Registered Office

The registered office in the State of Delaware shall be at 1209 Orange Street, Wilmington, DE 19801. The name of the Corporation's registered agent at such address shall be the Corporation Trust Incorporated.

Section 2
Other Offices

The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1
Annual and Special Meetings

The annual meeting of the stockholders shall be held on any day in July in each year at 10:00 A.M. at its principal business office in the State of Illinois or at such other date, time, and place as may be fixed by the Board of Directors. Special meetings of stockholders may be called by the Board of Directors for any other purpose may be hold at such time and place, within or without the State of Illinois, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2
Notice of Meetings

Written or printed notice of every annual or special meeting of the stockholders, stating the place, date, time and in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting not less than 10, nor more than 60 days, before the date of the meeting. All such notices shall be delivered, either personally or by mail, by or at the direction of the Board of Directors, the President or the Secretary, and if mailed, such notice shall be deemed to be delivered when deposited in the

United States mail addressed to the stockholder at his address as appears on the records of the Corporation, with postage prepaid.

Section 3
Stockholder List

The officer having charge of the stock ledger of the Corporation shall make, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetic order, specifying the address of and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. This list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 4
Quorum

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by statute or by the certificate of incorporation. If a quorum is not present; the holders of the shares present in person or represented by proxy at the meeting, and entitled to vote thereat, shall have the power, by the affirmative vote of the holders of a majority of such shares, to adjourn the meeting to another time and/or place. Unless the adjournment is for more than 30 days or unless a new record date is set for the adjourned meeting, no notice of the adjourned meeting need be given to any stockholder, provided that the time and place of the adjourned meeting were announced at the meeting at which the adjournment was taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

Section 5
Majority Vote

When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of an applicable statute or of the certificate of incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 6
Proxy

Every stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, except that no proxy shall be voted on after three years from its date, unless such proxy provides for a longer period.

Section 7
Action by Written Consent

Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of stockholders may be dispensed with if all the stockholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken, or if the stockholders having not less than the percentage of the total number of shares of stock required by the General Corporation Law of Delaware for passage of the proposed corporate action shall consent in writing to such corporate action being taken, provided that if less than all the stockholders entitled to vote consent in writing to the proposed corporate action, prompt notice of the taking of such corporate action by consent of stockholders is given to all stockholders of the Corporation. Any action taken pursuant to the written consent of the stockholders, as provided for in the preceding sentence, shall have the same force and effect as if taken by the stockholders at a meeting thereof.

ARTICLE III

DIRECTORS

Section 1
Number; Election

The number of directors which shall constitute the whole Board shall be determined by the Board but shall not be less than three. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified.

Section 2
Vacancies

Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office though less than a quorum, and the directors so chosen shall hold office until the next annual election and until their successors are duty elected and qualified, unless sooner displaced.

Section 3
Quorum; Voting

At all meetings of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice, other than announcement at the meeting, until a quorum shall be present.

Section 4
Meetings

Meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board. Special meetings of the Board of Directors may be called by the Chief Executive Officer, the President or the Secretary on 24 hours notice to each director, either personally, by telephone, by mail, or by telegraph; in like manner and on like notice, the Chief Executive Officer or the President must call a special meeting on the written request of three directors,

Section 5
Committees

The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more of the directors of the Corporation, which to the extent provided in the resolution shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require the same.

Section 6
Committee Rules and Quorum

Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by the resolution of the Board of Directors designating such committee, but in all cases the presence of at least a majority of the members of such committee shall be necessary to constitute a quorum. In the event that a member of such committee is absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 7
Action by Written Consent

Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the

Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 8
Fees

The directors, other than directors who are employees of the Company or its parent corporation, may be paid for expenses of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of committees designated by the Board of Directors may be allowed like compensation for attending committee meetings.

ARTICLE IV

OFFICER

Section I
Election

The officers of the Corporation shall be chosen by the Board of Directors and shall consist of a Chief Executive Officer, a President, one or more Vice-Presidents, a Secretary, a Treasurer, and such other officers and assistant officers as may be deemed necessary by the Board of Directors, Any number of offices may be held by the same person. In its discretion, the Board of Directors may leave unfilled for any period as it may deem advisable any office except offices of President and Secretary.

Section 2
Term; Removal; Vacancies

The officers of the Corporation shall hold office until their successors are chosen and qualified. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

Section 3
The Chief Executive Officer and The President

The Chief Executive Officer shall be the chief executive officer of the Corporation, shall preside at all meetings of the stockholders, shall have responsibility for general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

The President shall be the chief operating officer of the Corporation and shall have responsibility for day to day management of the business of the Corporation as directed by the Chief Executive Officer. In the absence or disability of the Chief Executive Officer, the President shall perform the duties of the and exercise the powers of the Chief Executive Officer. The President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 4
The Vice-Presidents

The Vice-President, or if there shall be more than one, the Vice-Presidents in the order determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe,

Section 5
The Secretary and Assistant Secretaries

The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be, he shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the fixing by his signature. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 6
The Treasurer and Assistant Treasurers

The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration of the

Corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in his possession or under his control belonging to the Corporation. The Assistant Treasurer or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors, shall in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe,

ARTICLE V

CERTIFICATES OF STOCK

Section 1
Certificates

Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by the President or a Vice-President and the Treasurer or an Assistant Treasurer or, the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

Section 2
Lost Certificates

The Board of Directors may direct a now certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 3
Fixing a Record Date

The Board of Directors may fix in advance a date, not more than 60 nor less than 10 days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to

vote at, any such meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consents, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid. If no record date is fixed, the time for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. The time for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 4
Registered Stockholders

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VI

INDEMNIFICATION

Directors and officers of the Corporation shall be indemnified to the fullest extent now or hereafter permitted by law in connection with any threatened, pending or completed action, suit or proceeding (including civil, criminal, administrative or investigative proceedings or any settlements thereof arising out of or in connection with their service to the Corporation or to another organization at the corporation's request; and without limiting the generality of the foregoing, the Corporation shall indemnify any person within the scope of the foregoing to the same extent as it is expressly given the power to do so by the General Corporation Law of the State of Delaware, as in effect from time to time.

Expenses incurred with respect to any threatened, pending or contemplated action, suit or proceeding to which this ARTICLE may apply may be paid by the Corporation in advance of the final disposition thereof upon receipt of an undertaking by the person to repay such amount or amounts if and when it shall be ultimately determined, in accordance with Delaware law, that he is not entitled to indemnification.

The provisions of this ARTICLE shall be applicable to actions or proceedings commenced or settled prior to or after the adoption hereof (whether the service to the Corporation in connection with which such actions or proceedings arise shall have occurred prior

to or after the adoption hereof, and to persons who have ceased to be directors, officers, employees or agents of the Corporation and shall inure to the benefit of their heirs, executors and administrators.

The indemnification provided by this ARTICLE shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of stockholders or disinterested directors, statute, bylaw of the Corporation or otherwise.

It shall be conclusively presumed that every person entitled to indemnification under this ARTICLE served the Corporation in reliance thereon. The revocation or modification of this ARTICLE shall have absolutely no adverse effect upon the rights of any person which, aside from raid revocation or modification, may arise or shall have then arisen out of or in connection with his service to or at the request of the Corporation prior to said revocation or modification.

ARTICLE VII

GENERAL PROVISIONS

DIVIDENDS

Section 1
Declaration; Payment

Dividends upon the capital stock of the Corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 2
Checks

All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3
Fiscal Year

The fiscal year of the Corporation shall be the calendar year.

Section 4
Seal

The corporate seal shall have inscribed thereon the names of the Corporation, and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

AMENDMENT

Section 1

These bylaws may be altered or repealed at any meeting of the Board of Directors.

LIMITED LIABILITY COMPANY AGREEMENT

OF

SCG INTERNATIONAL DEVELOPMENT, LLC

A DELAWARE LIMITED LIABILITY COMPANY

EFFECTIVE AS OF APRIL 30, 1999

Exhibit 3.14

LIMITED LIABILITY COMPANY AGREEMENT

OF
SCG INTERNATIONAL DEVELOPMENT, LLC

This LIMITED LIABILITY COMPANY AGREEMENT (as amended, restated or otherwise modified, this "AGREEMENT") of SCG INTERNATIONAL DEVELOPMENT, LLC (the "LLC")) is being executed by SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC, a Delaware limited liability company (the "MEMBER"), as of this 30th day of April, 1999, pursuant to the provisions of the Delaware Limited Liability Company Act (6 Del. C. Sections 18-101, et seq.) (as amended from time to time, the "ACT"), on the following terms and conditions:

ARTICLE I

THE LLC

1.1 ORGANIZATION. The Member hereby creates a limited liability company pursuant to the provisions of the Act and upon the terms and conditions set forth in this Agreement. The Member shall be deemed admitted as a member of the LLC upon the execution of this Agreement.

1.2 LLC NAME. The name of the limited liability company formed hereby shall be "SCG International Development, LLC" and all business of the LLC shall be conducted in such name or such other name as the Member shall determine. The LLC shall hold all of its property in the name of the LLC and not in the name of the Member.

1.3 PURPOSE. The purpose and the business of the LLC shall be to conduct and transact any and all lawful business for which limited liability companies may be organized under the Act.

1.4 POWERS. The LLC shall possess and may exercise all the powers and privileges granted by the Act, all other applicable law or by this Agreement, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion and attainment of the business, purposes or activities of the LLC.

1.5 PRINCIPAL PLACE OF BUSINESS. The principal place of business of the LLC shall be 1303 E. Algonquin Road, Schaumburg, Illinois, 60196, or at such other location as may be designated by the Member from time to time.

1.6 TERM. The term of the LLC shall be perpetual unless and until the LLC is dissolved by the Member or as set forth herein. The existence of the LLC as a separate legal entity shall continue until the cancellation of the Certificate of Formation of the LLC (the "CERTIFICATE") in the manner required by the Act.

1.7 FILINGS; AGENT FOR SERVICE OF PROCESS.

(a) The Certificate has been or shall be filed in the office of thc Secretary of State of the Stare of Delaware in accordance with the provisions of the Act. The Member, as an "authorized person" within the meaning of the Act, shall execute, deliver and file the Certificate with the Secretary of State of the State of Delaware. The Member shall take any and all other actions reasonably necessary to perfect and maintain the status of the LLC under the laws of the State of Delaware. The Member shall execute and file amendments to the Certificate whenever required by the Act.

(b) The Member shall execute and file such forms or certificates and may take any and all other actions as may be reasonably necessary to perfect and maintain the status of the LLC under the laws of any other states or jurisdictions in which the LLC engages in business.

(c) The initial registered agent for service of process on the LLC in the State of Delaware, arid the address of such registered agent, shall be the agent for service of process set forth in the Certificate. The Member may change the registered agent and appoint successor registered agents.

(d) Upon the dissolution and completion of winding up of the LLC, the Member (or, in the event the Member no longer exists, the person responsible for winding up and dissolution of the LLC pursuant to ARTICLE IV hereof) shall promptly execute and file a certificate of cancellation of the Certificate in accordance with the Act and such other documents as may be required by the laws of any other states or jurisdictions in which the LLC has registered to transact business or otherwise filed articles.

1.8 RESERVATION OF OTHER BUSINESS OPPORTUNITIES. No business opportunities other than those actually exploited by the LLC shall be deemed the property of the LLC, and the Member may engage in or possess an interest in any other business venture, independently or with others, of any nature or description, even if such venture or opportunity is in direct competition with the business of thc LLC; and the LLC shall have no rights by virtue hereof in or to such other business ventures, or to the income or profits derived therefrom.

ARTICLE II

MANAGEMENT AND MEMBERSHIP

2.1 MANAGEMENT OF LLC. The business and affairs of the LLC shall be managed under the direction and by the approval of the Member. The Member agrees to delegate this right and authority to manage and direct the management or the business and affairs of the LLC and to make all decisions to be made by or on behalf of the LLC to such managers as are appointed herein (the "OFFICERS" and each an "OFFICER"). The Member hereby delegates to the Officers all power and authority to manage, and direct the appointment of, the business and affairs of, and to make all decisions to be made by the LLC. Approval by, or on behalf of the LLC, consent of or action taken by any of the Officers shall constitute approval or action by the LLC and shall be

binding upon the LLC. Any Person dealing with the LLC shall be entitled to rely on a certificate or any writing signed by an Officer as the duly authorized action of the LLC.

2.2 OFFICERS. The Officers of the LLC shall not be required to be Members of the LLC. Initially, the only Officer shall be the Chief Executive Officer. Such other Officers as may be deemed necessary may be appointed by the Chief Executive Officer or the Member and shall have such titles, power, duties and term as may be prescribed by the Chief Executive Officer or the Member. The Member may assign titles to particular officers. Unless the Member decides otherwise, if the title is one commonly used for officers of a business corporation formed under the General Corporation Law of the State of Delaware, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office, subject to any restrictions on such authority imposed by the Member. Any number offices may be held by the same person.

2.3 ELECTION OF OFFICERS AND TERM OF OFFICE. The initial Chief Executive Officer shall be Carl F. Koenemann. The Chief Executive Officer shall be elected from time to time by the Member. Each Officer shall hold office until a successor shall have been duly elected or appointed and shall have qualified or until such Officer's death, resignation or removal in the manner provided hereinafter.

2.4 REMOVAL OF OFFICERS. Any Officer may be removed by the Member whenever in his judgment the best interests of the LLC would be served thereby. The Chief Executive Officer may remove any Officer appointed by the Chief Executive Officer.

2.5 VACANCIES. Any Officer who dies or resigns or is removed or disqualified may be replaced by the Member for the unexpired portion of the replaced Officer's term.

2.6 CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be the chief executive officer of the LLC and shall be generally in charge of all business and affairs, subject to the control of the Member. The Chief Executive Officer shall preside at all meetings of the Officers. The Chief Executive Officer may execute on behalf of the LLC all contracts, agreements, certificates and other instruments. The Chief Executive Officer shall from time to time report to the Member all matters within the Chief Executive Officer's knowledge affecting the LLC which should be brought to the attention of the Member. The Chief Executive Officer shall vote all shares of stock or other interests in other entities owned by the LLC, and shall be empowered to execute proxies, waivers of notice, consents and other instruments in the name of the LLC with respect to such stock or interest. The Chief Executive Officer shall perform such other duties as are required by the Member.

2.7 WRITTEN CONSENT. Any action requiring the vote, consent, approval or action of the Member may be taken by a consent in writing, setting forth the action so taken, by the Member. Any action requiring the vote, consent, approval or action of any of the Officers or any group of Officers may be taken by a consent in writing, setting forth the action to be taken, by such Officer or Officers.

2.8 BOOKS AND RECORDS. The Chief Executive Officer shall keep, or shall designate an individual to keep, proper and usual books and records pertaining to the business of the LLC. The books and records of the LLC shall be kept at the principal office of the LLC or at such

other places, within or without the State of Delaware, as the Member shall from time to time determine.

2.9 SALARY. No salary shall be paid to the Member or to any Officer for its duties set forth hereunder.

2.10 RESIGNATION. Subject to SECTION 4.1, the Member may resign from the LLC.

2.11 LIMITED LIABILITY.

(a) Except as otherwise provided by the Act, the debts, obligations and liabilities of the LLC, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the LLC, and the Member shall not be obligated personally for any such debt, obligation or liability of the LLC solely by reason of being a member of the LLC.

(b) To the extent that at law or in equity, the Member, an Officer or any other party shall have duties (including fiduciary duties) and liabilities to the LLC, such duties and liabilities may be restricted by provisions of this Agreement. None of the Member or any Officer shall be liable to the LLC (or, in the case of an Officer, to the Member) for any loss, damage or claim incurred by reason of any act or omission performed or omitted by the Member or such Officer in good faith on behalf of the LLC and in a manner reasonably believed to be within the scope of authority conferred on the Member or such Officer by this Agreement.

(c) The Member and each of the Officers shall be fully protected in relying in good faith upon the records of the LLC and upon such information, opinions, reports or statements presented to the LLC by any person as to the matters the Member or such Officer reasonably believes are with in such other person's professional or expert competence and who has been selected within reasonable care by or on behalf of the LLC, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses or net cash flow or any other facts pertinent to the existence and amount of assets from which distributions to the Member might properly be paid.

(d) Any repeal or modification of this SECTION 2.11 shall not adversely affect any right or protection of the Member or any Officer existing prior to such repeal or modification.

2.12 INDEMNIFICATION.

(a) The LLC shall indemnify and hold harmless the Member, each Officer and each of their respective affiliates, officers, directors, shareholders, agents or employees (the "PARTIES") from and against any loss, expense, damage or injury suffered or sustained by the Parties (or any of them) by reason of any acts, omissions or alleged acts or omissions arising out of its or their activities on behalf of the LLC or in furtherance of the interests of the LLC, including, but not limited to, any judgment, award, settlement, reasonable attorney's fees and other costs or expenses incurred in connection with the

defense of any actual or threatened action, proceeding or claim; PROVIDED that the acts, omissions or alleged acts or omissions of such Party are not found by a court of competent jurisdiction upon entry of a final judgment to constitute bad faith, gross negligence or willful misconduct by such Party. Such indemnification shall be made only to the extent of the assets of the LLC.

(b) To the fullest extent permitted by applicable law, expenses, (including legal fees) incurred by a Party (or any of them) in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the LLC prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the LLC of an undertaking by or on behalf of the Party (or any of them) to repay such amount if it shall be determined that the Party is not entitled to be indemnified as authorized in this SECTION 2.12 hereof.

2.13 TRANSFER OF INTEREST. The Member may transfer or assign all or a portion of its interests in the LLC. Upon a transfer of the Member's entire interest in the LLC, such transferee or assignee shall become the "Member" for all purposes of this Agreement. Upon a transfer or assignment of less than the Member's entire interest the LLC, the Member and such transferee or assignee shall amend this Agreement to reflect such transfer or assignment, or if the terms of such an amendment shall not be agreed upon, the Member may elect to dissolve the LLC in its sole discretion.

2.14 NO TAX ELECTION. The Member shall not make an election to have the Company treated as an association taxable as a corporation for federal income tax purposes.

ARTICLE III

FISCAL MATTERS

3.1 DEPOSITS. All funds of the LLC shall be deposited in an account or accounts in such banks, trust companies or other depositories as the Member may select.

3.2 FINANCIAL RECORDS. All financial records shall be maintained and reported using GAAP, consistently applied.

3.3 FISCAL YEAR. The fiscal year of the LLC shall begin on the first day of January each year (except for the first fiscal year of the LLC, which shall begin on the date of this Agreement) and end on the last day of December each year (except for the last fiscal year of the LLC, which shall end on the date on which the LLC is terminated), unless otherwise determined by the Member.

3.4 AGREEMENTS, CONSENTS, CHECKS, ETC. All agreements, consents, checks, drafts or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the LLC shall be signed by the Member or those persons authorized from time to time by the Member.

3.5 TRANSACTIONS WITH THE MEMBER. Except as provided in the Act, the Member may lend money to, borrow money from, act as surety, guarantor or endorser for, guarantee or assume

one or more obligations of, provide collateral for, and transact other business with the LLC and has the same rights and obligations with respect to any such matter as a person who is not the Member.

3.6 CONTRIBUTION.

(a) The Member shall make the contribution of capital described for that Member on EXHIBIT A (the "INITIAL CONTRIBUTION"). If no time for the Initial Contribution is specified, the Initial Contribution shall be made upon the filing of the Certificate with the Secretary of State. The value of the Initial Contribution shall be as set forth on EXHIBIT A. No interest shall accrue on any contribution and the Member shall not have the right to withdraw or be repaid any contribution except as provided herein.

(b) In addition to the Initial Contribution, the Member may make additional contributions. Except to the extent of any outstanding commitment of the Member to make a contribution, the Member shall not be obligated to make any additional contributions. The Member shall adjust the contribution reflected on EXHIBIT A at any time when the Member makes or promises to make a contribution to the LLC.

3.7 DISTRIBUTIONS. The Company may make distributions as determined by the Member from time to time in accordance with this Agreement; PROVIDED HOWEVER, that no distribution shall be declared and paid unless, after the distribution is made, the assets of the LLC are in excess of the liabilities of the LLC and such distribution does not violate the Act or other applicable law. The Member may, at its sole discretion, elect to receive a distribution from assets other than cash.

ARTICLE IV

LIQUIDATION

4.1 LIQUIDATING EVENTS. The LLC shall dissolve and commence winding up and liquidation only upon the first to occur of any of the following ("LIQUIDATION EVENTS"):

(a) The sale of all or substantially all of the property of the LLC;

(b) The resignation of the Member or any other event that causes the last remaining member of the LLC to cease to be a member of the LLC, unless the business of the LLC is continued in a manner permitted by the Act; or

(c) The entry of a decree of judicial dissolution pursuant to Section 18-802 of the Act.

4.2 WINDING UP. Upon the occurrence of a Liquidating Event, the LLC shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and Member. The Member shall not take any action which is inconsistent with, or necessary to or appropriate for, the winding up of the LLC's business and affairs. The Member (or in the event that the Member is dead or no longer exists, the person responsible for winding up the Member's business and affairs) shall be responsible for

overseeing the winding up and dissolution of the LLC and shall take full account of the LLC's liabilities. The property of the LLC shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom, to the extent sufficient, shall be applied and distributed, subject to any reasonable reserves maintained for contingent, conditional or unmatured obligations of the LLC, in the following order:

(a) FIRST, to the satisfaction (whether by payment or the making of reasonable provision for payment thereof) of all of the LLC's debts and liabilities to creditors other than the Member;

(b) SECOND, to the satisfaction (whether by payment or the making of reasonable provision for payment thereof) of all of the LLC's debts and liabilities to the Member; and

(c) THE BALANCE, if any, to the Member.

4.3 MEMBER'S BANKRUPTCY. The Member shall not cease to be the Member solely as a result of the occurrence of any of the following and upon the occurrence of any such event, the business of the LLC shall continue without dissolution:

(a) the Member makes an assignment for the benefit of creditors;

(b) the Member files a voluntary petition in bankruptcy;

(c) the Member is adjudged a bankrupt or insolvent, or has entered against him an order of relief, in any bankruptcy or insolvency proceeding;

(d) the Member files a petition or answer seeking for himself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;

(e) the Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against him in any proceeding of this nature;

(f) the Member seeks, consents, to or acquiesces in the appointment of a trustee, receiver or liquidator of the member or of all or any substantial part of his properties;

(g) any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation is not dismissed; or

(h) appointment of a trustee, receiver or liquidator of the Member.

4.4 ACCOUNTING ON LIQUIDATION. Upon liquidation, a proper accounting shall be made by the LLC's accountants of the LLC's assets, liabilities and results of operations through the last day of the month in which the LLC is terminated.

ARTICLE V

MISCELLANEOUS

5.1 AMENDMENTS. This Agreement may be altered, amended or repealed, or a new Agreement may be adopted, upon the written consent of the Member.

5.2 BINDING EFFECT. Except as otherwise provided in this Agreement, every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the Member and its respective heirs, legatees, legal representatives, successors, transferees and assigns.

5.3 CREDITORS. None of the provisions of this Agreement shall be for the benefit of or enforced by any creditor of the LLC or Member.

5.4 CONSTRUCTION. The Member shall have the full power and authority to construe and interpret this Agreement.

5.5 HEADINGS. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

5.6 SEVERABILITY. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

5.7 VARIATION OF PRONOUNS. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

5.8 GOVERNING LAW. The laws of the State of Delaware shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the Member, without regard to the principles of conflicts of laws.

[signature page follows]

IN WITNESS WHEREOF, the Member has executed this Agreement as of the day first above set forth.

SEMICONDUCTOR COMPONENTS
INDUSTRIES, LLC

By: /s/ Carl F. Koenemann

Name: Carl F. Koenemann
Title: Chief Executive Officer

EXHIBIT A

CAPITAL CONTRIBUTIONS OF MEMBER

NAME	CAPITAL CONTRIBUTION	PERCENTAGE INTEREST
Semiconductor Components Industries, LLC	$10.00	100%
TOTAL	$10.00	100%

AMENDMENT TO THE
LIMITED LIABILITY COMPANY AGREEMENT
OF SCG INTERNATIONAL DEVELOPMENT LLC

Semiconductor Components Industries, LLC, being the sole member of SCG International Development LLC (the "Company"), amended the Limited Liability Company Agreement of the Company by a written consent dated August 4, 1999 as follows:

Section 1.4 was amended to add the following immediately before the period at the end of Section 1.4 thereof:

", and, without limiting the foregoing, shall possess and may exercise all of the powers that are exercisable under Section 121 and 122 under the Delaware General Corporation Law by a Delaware corporation."

Section 2.13 was amended to add the following at the end of Section 2.13:

"A Member's interest in the LLC may be evidenced by a certificate of limited liability company interest issued by the LLC."

EXECUTION COPY

EXHIBIT 4.1

SCG HOLDING CORPORATION
SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

12% Senior Subordinated Notes due 2009

INDENTURE

Dated as of August 4, 1999

State Street Bank and Trust Company,
as Trustee

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TABLE OF CONTENTS

INDENTURE dated as of August 4, 1999, among SCG HOLDING CORPORATION, a Delaware corporation (the "Company"), SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company ("SCI LLC" and, together with the Company, the "Issuers"), SCG (MALAYSIA SMP) HOLDING CORPORATION, SCG (CZECH) HOLDING CORPORATION, SCG (CHINA) HOLDING CORPORATION, SCG PUERTO RICO CORP. and SCG INTERNATIONAL DEVELOPMENT LLC, as guarantors (collectively, the "Note Guarantors"), and STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company, as trustee (the "Trustee").

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of (a) the Issuers' 12% Senior Subordinated Notes due 2009 issued on the date hereof (the "Initial Notes"), (b) if and when issued as provided in the Registration Agreement (as defined in Appendix A hereto (the "Appendix")), the Issuers' 12% Senior Subordinated Notes due 2009 (the "Exchange Notes") issued in the Registered Exchange Offer in exchange for any Initial Notes and (c) if and when issued as provided in the Registration Agreement, the Private Exchange Notes (such term and each other term used but not defined herein has the meaning assigned to such term in Sections 1.01 and 1.02; the Private Exchange Notes, together with the Initial Notes and any Exchange Notes issued hereunder, the "Notes") issued in the Private Exchange. Except as otherwise provided herein, the Notes will be limited to $400,000,000 in aggregate principal amount outstanding.

ARTICLE 1

Definitions And Incorporation By Reference

SECTION 1.01. Definitions.

"Acquired Debt" means, with respect to any specified Person, (a) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness Incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Restricted Subsidiary of such specified Person) and (b) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Additional Assets" means (a) any property or assets (other than Indebtedness and Capital Stock) to be used by the Company or a Restricted Subsidiary in a Permitted Business; (b) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or another Restricted Subsidiary; or (c) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary; provided, however, that any such Restricted Subsidiary described in clauses (b) or (c) above is primarily engaged in a Permitted Business.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. For purposes of Sections 4.06 and 4.07 only, "Affiliate" shall also mean any beneficial owner of shares representing more than 10% of the total voting power of the Voting Stock (on a fully diluted basis) of the Company or of rights or warrants to purchase such Voting Stock (whether or not currently exercisable) and any Person who would be an Affiliate of any such beneficial owner pursuant to the first sentence hereof.

"Asset Disposition" means any sale, lease (other than an operating lease), transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Company or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a "disposition"), of (a) any shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary) that have a Fair Market Value in excess of $5 million, (b) all or substantially all the assets of any division or line of business of the Company or any Restricted Subsidiary or (c) any other assets of the Company or any Restricted Subsidiary outside of the ordinary course of business of the Company or such Restricted Subsidiary (other than, in the case of (a), (b) and (c) above, (i) a disposition by the Company to a Restricted Subsidiary or by a Restricted Subsidiary to the Company or to another Restricted Subsidiary, (ii) an issuance of Capital Stock by a Subsidiary to the Company or to a Restricted Subsidiary, (iii) for purposes of Section 4.06 only, a disposition that constitutes a Restricted Payment permitted by Section 4.04, (iv) a disposition of assets with a Fair Market Value of less than $5 million, (v) a Sale/Leaseback Transaction with respect to any assets within 90 days of the acquisition of such assets, (vi) a disposition of Temporary Cash Investments, the proceeds of which are used within five business days to make another Permitted Investment, (vii) a disposition of obsolete, uneconomical, negligible, worn out or surplus property or equipment in the ordinary course of business and the periodic clearance of aged inventory, (viii) any exchange of like-kind property of the type described in Section 1031 of the Code for use in a Permitted Business, (ix) the sale or disposition of any assets or property received as a result of a foreclosure by the Company or any of its Restricted Subsidiaries of any secured Investment or any other transfer of title with respect to any secured Investment in default, (x) the licensing of intellectual property in the ordinary course of business or in accordance with industry practice, (xi) the sale or discount, in each case without recourse, of accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof and (xii) a sale of accounts receivable and related assets pursuant to a Receivables Facility. Notwithstanding the foregoing, the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole will be governed by the provisions of Sections 4.08 and 5.01 and not by the provisions of Section 4.06.

"Attributable Debt" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate implicit in such

transaction, determined in accordance with GAAP) of the total obligations of the lessee for net rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended or may be, at the option of the lessor, extended).

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the number of years obtained by dividing (a) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or scheduled redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by (b) the then outstanding sum of all such payments.

"Bank Indebtedness" means any and all amounts payable under or in respect of the Credit Agreement and any Refinancing Indebtedness with respect thereto, as amended from time to time, including principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company or SCI LLC whether or not a claim for post-filing interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees and all other amounts payable thereunder or in respect thereof. It is understood and agreed that Refinancing Indebtedness in respect of the Credit Agreement may be Incurred from time to time after termination of the Credit Agreement.

"Board of Directors" means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of the Board of Directors of the Company.

"Business Day" means each day which is not a Legal Holiday.

"Capital Stock" of any Person means any and all shares, partnership, membership or other interests, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock (but excluding any debt securities convertible into such equity) and any rights to purchase, warrants, options or similar interests with respect to the foregoing.

"Capitalized Lease Obligations" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Change of Control" means the occurrence of any of the following events:

(a) (i) any "person" (as such term is used in Section 13(d)(3) of the Exchange Act), other than one or more Permitted Holders, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is

exercisable immediately or only after the passage of time), directly or indirectly, of more than 40% of the total voting power of the Voting Stock of the Company or SCI LLC, whether as a result of issuance of securities of the Company or SCI LLC, any merger, consolidation, liquidation or dissolution of the Company or SCI LLC, any direct or indirect transfer of securities by any Permitted Holder or otherwise, and (ii) the Permitted Holders "beneficially own" (as defined in clause (i) above), directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Company or SCI LLC than such other person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of the Company or SCI LLC, as the case may be;

(b) during any period of two consecutive years, individuals who at the beginning of such period constituted the board of directors of the Company or the similar governing body of SCI LLC, as the case may be (together with any new directors or members of such governing body, as the case may be, whose election by such board of directors of the Company or the governing body of SCI LLC, as the case may be, or whose nomination for election by the shareholders of the Company or the members of SCI LLC, as the case may be, was approved by a vote of a majority of the directors of the Company or a majority of the members of the governing body of SCI LLC, as the case may be, then still in office who were either directors or members of such governing body, as the case may be, at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of the Company or a majority of the members of the governing body of SCI LLC, as the case may be, then in office;

(c) the adoption of a plan relating to the liquidation or dissolution of the Company or SCI LLC (other than a plan with respect to SCI LLC adopted solely for the purpose of reorganizing SCI LLC as a corporation); or

(d) the merger or consolidation of the Company or SCI LLC with or into another Person or the merger of another Person with or into the Company or SCI LLC, or the sale of all or substantially all the assets of the Company or SCI LLC to another Person (other than a Person that is controlled by the Permitted Holders), and, in the case of any such merger or consolidation, the securities of the Company or SCI LLC that are outstanding immediately prior to such transaction and which represent 100% of the aggregate voting power of the Voting Stock of the Company or SCI LLC are changed into or exchanged for cash, securities or property, unless pursuant to such transaction such securities are changed into or exchanged for, in addition to any other consideration, securities of the surviving Person or transferee that represent immediately after such transaction, at least a majority of the aggregate voting power of the Voting Stock of the surviving Person or transferee or a Person controlling such surviving Person or transferee.

"Closing Date" means the date of this Indenture.

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

"Commission" means the Securities and Exchange Commission.

"Company" means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the TIA, each other obligor on the indenture securities.

"Consolidated Coverage Ratio" as of any date of determination means the ratio of (a) the aggregate amount of EBITDA for the period of the most recent four consecutive fiscal quarters for which internal financial statements are available prior to the date of such determination to (b) Consolidated Interest Expense for such four fiscal quarters; provided, however, that (i) if the Company or any Restricted Subsidiary has Incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period (in each case other than Indebtedness Incurred under any revolving credit facility, in which case interest expense shall be computed based upon the average daily balance of such Indebtedness during the applicable period) and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period, (ii) if the Company or any Restricted Subsidiary has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case if such Indebtedness has been permanently repaid and has not been replaced, other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness is permanently reduced, in which case interest expense shall be computed based upon the average daily balance of such Indebtedness during the applicable period) on the date of the transaction giving rise to the need to calculate the Consolidated Coverage Ratio, EBITDA and Consolidated Interest Expense for such period shall be calculated on a pro forma basis as if such discharge had occurred on the first day of such period and as if the Company or such Restricted Subsidiary has not earned any interest income actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness, (iii) if since the beginning of such period the Company or any Restricted Subsidiary shall have made any Asset Disposition, EBITDA for such period shall be reduced by an amount equal to EBITDA (if positive) directly attributable to the assets that are the subject of such Asset Disposition for such period or increased by an amount equal to EBITDA (if negative) directly attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Company or any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Company and its continuing Restricted Subsidiaries in connection with such Asset Disposition for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the

Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale), (iv) if since the beginning of such period the Company or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period and (v) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (iii) or (iv) above if made by the Company or a Restricted Subsidiary during such period, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period. For purposes of this definition, whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting Officer of the Company. Any such pro forma calculations shall reflect any pro forma expense and cost reductions attributable to such acquisitions, to the extent such expense and cost reduction would be permitted by the Commission to be reflected in pro forma financial statements included in a registration statement filed with the Commission. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense 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 Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of 12 months).

"Consolidated Interest Expense" means, for any period, the total interest expense of the Company and its Consolidated Restricted Subsidiaries, plus, to the extent Incurred by the Company or its Restricted Subsidiaries in such period but not included in such interest expense, without duplication (a) interest expense attributable to Capitalized Lease Obligations and the imputed interest with respect to Attributable Debt, (b) amortization of debt discount, (c) amortization of debt issuance costs (other than any such costs associated with the Bank Indebtedness, the Notes, the Exchange Notes, the Junior Subordinated Note or otherwise associated with the Transactions), (d) capitalized interest, (e) noncash interest expense other than any noncash interest expense in connection with the Junior Subordinated Note, (f) commissions, discounts and other fees and charges attributable to letters of credit and bankers' acceptance financing, (g) interest accruing on any Indebtedness of any other Person to the extent such Indebtedness is Guaranteed by the Company or any Restricted Subsidiary; (h) net costs associated with Hedging Obligations (including amortization of fees) (other than any such costs associated with the Bank Indebtedness, the Notes, the Exchange Notes, the Junior Subordinated Note or otherwise

associated with the Transactions), (i) dividends in respect of all Disqualified Stock of the Company and all Preferred Stock of any of the Restricted Subsidiaries of the Company, to the extent held by Persons other than the Company or another Restricted Subsidiary, other than accumulated but unpaid dividends on the SCG Holding Preferred Stock, (j) interest Incurred in connection with investments in discontinued operations and (k) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Company) in connection with Indebtedness Incurred by such plan or trust. Notwithstanding anything to the contrary contained herein, commissions, discounts, yield and other fees and charges Incurred in connection with any transaction (including in connection with a Receivables Facility) pursuant to which the Company or any Subsidiary of the Company may sell, convey or otherwise transfer or grant a security interest in any accounts receivable or related assets as contemplated by the definition of "Receivables Facility" shall be included in Consolidated Interest Expense.

"Consolidated Net Income" means, for any period, the net income of the Company and its Consolidated Subsidiaries for such period determined in accordance with GAAP; provided, however, that:

(a) any net income of any Person (other than the Company), if such Person is not a Restricted Subsidiary, shall be excluded from such Consolidated Net Income, except that (i) subject to the limitations contained in clause (d) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution made to a Restricted Subsidiary, to the limitations contained in clause (c) below) and (ii) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income;

(b) any net income (or loss) of any Person acquired by the Company or a Subsidiary in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded from such Consolidated Net Income;

(c) any net income (or loss) of any Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by such Restricted Subsidiary of that income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or is, directly or indirectly, restricted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary or its stockholders or other holders of its equity, shall be excluded from such Consolidated Net Income, except that (i) subject to the limitations contained in clause (d) below, the Company's equity in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated

Net Income up to the aggregate amount of cash actually distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution made to another Restricted Subsidiary, to the limitation contained in this clause) and (ii) the Company's equity in a net loss of any such Restricted Subsidiary for such period shall be included in determining such Consolidated Net Income;

(d) any gain (or loss) realized upon the sale or other disposition of any asset of the Company or its Consolidated Subsidiaries (including pursuant to any Sale/Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business and any gain (or loss) realized upon the sale or other disposition of any Capital Stock of any Person shall be excluded from such Consolidated Net Income (without regard to abandonments or reserves related thereto);

(e) any extraordinary gain or loss shall be excluded from such Consolidated Net Income;

(f) the cumulative effect of a change in accounting principles shall be excluded from such Consolidated Net Income;

(g) gains or losses due solely to fluctuations in currency values and the related tax effects according to GAAP shall be excluded from such Consolidated Net Income;

(h) only for the purposes of the definition of EBITDA, one-time cash charges recorded in accordance with GAAP resulting from any merger, recapitalization or acquisition transaction shall be excluded from such Consolidated Net Income; and

(i) the amortization of any premiums, fees or expenses incurred in connection with the Transactions or any amounts required or permitted by Accounting Principles Board Opinions Nos. 16 (including noncash write-ups and noncash charges relating to inventory and fixed assets, in each case arising in connection with the Transactions) and 17 (including noncash charges relating to intangibles and goodwill arising in connection with the Recapitalization), in each case in connection with the Transactions, shall be excluded from such Consolidated Net Income.

"Consolidation" means the consolidation of the amounts of each of the Restricted Subsidiaries with those of the Company in accordance with GAAP consistently applied; provided, however, that "Consolidation" shall not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Company or any Restricted Subsidiary in an Unrestricted Subsidiary shall be accounted for as an investment. The term "Consolidated" has a correlative meaning.

"Credit Agreement" means the credit agreement dated as of August 4, 1999, among SCI LLC, the Company and the Subsidiaries of the Company named therein, the lenders named therein and The Chase Manhattan Bank, as administrative agent, collateral agent and syndication agent, DLJ Capital Funding, Inc., as co-documentation agent, Lehman Commercial Paper Inc., as co-documentation agent, and Credit Lyonnais New York Branch, as co-documentation agent, including any collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof (except to the extent that any such amendment, supplement, modification, extension, renewal, restatement or refunding would be prohibited by the terms of this Indenture, unless otherwise agreed to by the Holders of at least a majority in aggregate principal amount of Notes at the time outstanding) and any indentures or credit facilities or commercial paper facilities with banks or other institutional lenders that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof.

"Currency Agreement" means with respect to any Person any foreign exchange contract, currency swap agreements or other similar agreement or arrangement to which such Person is a party.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Designated Senior Indebtedness" of the Company means (a) the Bank Indebtedness and (b) any other Senior Indebtedness of the Company that, at the date of determination, has an aggregate principal amount outstanding of, or under which, at the date of determination, the holders thereof are committed to lend up to, at least $25 million and is specifically designated by the Company in the instrument evidencing or governing such Senior Indebtedness as "Designated Senior Indebtedness" for purposes of this Indenture. "Designated Senior Indebtedness" of SCI LLC and of a Note Guarantor has a correlative meaning.

"Disqualified Stock" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (a) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (b) is convertible or exchangeable for Indebtedness or Disqualified Stock or (c) is redeemable at the option of the holder thereof, in whole or in part, in the case of clauses (a), (b) and (c) on or prior to 90 days after the Stated Maturity of the Notes; provided, however, that only the portion of Capital Stock that so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to the Stated Maturity of the Notes shall be deemed Disqualified Stock; provided further, however, that (i) any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to 90 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the

holders of such Capital Stock than the provisions of Sections 4.06 and 4.08, (ii) a class of Capital Stock shall not be Disqualified Stock hereunder solely as a result of any maturity or redemption that is conditioned upon, and subject to, compliance with the Section 4.04 and (iii) Capital Stock issued to any plan for the benefit of employees shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Company in order to satisfy applicable statutory or regulatory obligations.

"Domestic Subsidiary" means any Restricted Subsidiary of the Company other than a Foreign Subsidiary.

"EBITDA" for any period means the Consolidated Net Income for such period, plus, without duplication, the following to the extent deducted in calculating such Consolidated Net Income: (a) provision for taxes based on income or profits of the Company and its Consolidated Restricted Subsidiaries, (b) Consolidated Interest Expense, (c) depreciation expense of the Company and its Consolidated Restricted Subsidiaries; (d) amortization expense (including amortization of goodwill and other intangibles) of the Company and its Consolidated Restricted Subsidiaries (excluding amortization expense attributable to a prepaid cash item that was paid in a prior period), (e) all other noncash expenses or losses of the Company and its Consolidated Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charge that constitutes an accrual of or a reserve for cash charges for any future period); (f) any non-recurring fees, expenses or charges realized by the Company and its Restricted Subsidiaries for such period related to any offering of Capital Stock or Incurrence of Indebtedness permitted to be Incurred under this Indenture; (g) Recapitalization Related Special Charges of the Company and its Restricted Subsidiaries incurred on or prior to December 31, 2001 and in the aggregate not exceeding $50 million; (h) noncash dividends on SCG Holding Preferred Stock; and minus all noncash items increasing Consolidated Net Income of such Person for such Period (excluding any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period). Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization and noncash charges of, a Restricted Subsidiary of the Company shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion) that the net income of such Restricted Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended or similarly distributed to the Company by such Restricted Subsidiary without prior governmental approval (that has not been obtained) or is not, directly or indirectly, restricted by operation of the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its stockholders or other holders of its equity.

"Exchange Act" means the Securities Exchange Act of 1934.

"Fair Market Value" means, with respect to any asset or property, the price which could be negotiated in an arm's-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. For all purposes of this Indenture, Fair Market

Value will be determined in good faith by the Board of Directors, whose determination will be conclusive and evidenced by a resolution of the Board of Directors.

"Foreign Subsidiary" means any Restricted Subsidiary of the Company that is not organized under the laws of the United States of America or any State thereof or the District of Columbia.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time, including those set forth in (a) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, (b) statements and pronouncements of the Financial Accounting Standards Board, (c) such other statements by such other entities as approved by a significant segment of the accounting profession and (d) the rules and regulations of the Commission governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the Commission. All ratios and computations based on GAAP contained in this Indenture shall be computed in conformity with GAAP.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantor" shall mean any Person Guaranteeing any Indebtedness.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"Holder" means the Person in whose name a Note is registered on the Registrar's books.

"Incur" means, with respect to any Indebtedness or other obligation of any Person, to issue, assume, Guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing immediately after the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. The accretion of principal of a non-interest bearing or other discount security shall not be deemed the Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person on any date of determination, without duplication, the following items if and to the extent that any of them (other than items specified under clauses (c), (h), (i) and (j) below) would appear as a liability or, in the case of clause (f) only, Preferred Stock on the balance sheet of such Person, prepared in accordance with GAAP, on such date:

(a) the principal amount of and premium (if any) in respect of indebtedness of such Person for borrowed money;

(b) the principal amount of and premium (if any) in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto but excluding obligations in respect of letters of credit issued in respect of Trade Payables);

(d) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except Trade Payables), which purchase price is due more than twelve months after the date of placing such property in service or taking delivery and title thereto or the completion of such services;

(e) all Capitalized Lease Obligations and all Attributable Debt of such Person;

(f) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends);

(g) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of Indebtedness of such Person shall be the lesser of (i) the Fair Market Value of such asset at such date of determination and (ii) the amount of such Indebtedness of such other Persons;

(h) Hedging Obligations of such Person;

(i) all obligations of such Person in respect of a Receivables Facility; and

(j) all obligations of the type referred to in clauses (a) through (i) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations described above, at such date; provided, however, that the amount outstanding at any time of any Indebtedness issued with original issue discount will be deemed to be the face amount of such Indebtedness less the remaining unaccreted portion of the original issue discount of such Indebtedness at such time, as determined in accordance with GAAP.

"Indenture" means this Indenture as amended or supplemented from time to time.

"Interest Rate Agreement" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is party.

"Investment" in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extension of credit (including by way of Guarantee or similar arrangement but excluding commission, travel and similar advances to officers, consultants and employees made in the ordinary course of business) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person. For purposes of the definition of "Unrestricted Subsidiary" and Section 4.04, (a) "Investment" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (i) the Company's "Investment" in such Subsidiary at the time of such redesignation less (ii) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and (b) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer.

"Junior Subordinated Note" means the junior subordinated note of SCI LLC to be issued as part of the Transactions in the principal amount of $91 million, which will be subordinated to the Notes.

"Issue Date" means the date on which the Initial Notes are originally issued.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"liquidated damages" means any liquidated damages payable under a Registration Agreement.

"Motorola" means Motorola, Inc., a Delaware corporation.

"Net Available Cash" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other noncash form) therefrom, in each case net of (a) all direct costs relating to such Asset Disposition, including all legal, title, accounting and investment banking fees, and recording tax expenses, sales and other commissions and other fees and relocation expenses incurred, and all Federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP, (b) all payments made on any Indebtedness that (i) is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or (ii) must, by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition, (c) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition and (d) appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the property or other assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"Net Cash Proceeds", with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Note Guarantee" means each Guarantee of the obligations with respect to the Notes issued by a Subsidiary of the Company pursuant to the terms of this Indenture.

"Note Guarantor" means any Subsidiary that has issued a Note Guarantee.

"Notes" means the Notes issued under this Indenture.

"Offering Memorandum" means the offering memorandum relating to the issuance of the Notes dated July 28, 1999.

"Officer" means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Company. "Officer" of SCI LLC and of a Note Guarantor has a correlative meaning.

"Officers' Certificate" means a certificate signed by two Officers of each Person issuing such certification. For the avoidance of doubt, any Officers' Certificate to be delivered by the Issuers pursuant to this Indenture shall be signed by two Officers of each Issuer.

"Opinion of Counsel" means a written opinion (subject to customary assumptions and exclusions) from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company, SCI LLC, a Note Guarantor or the Trustee.

"Permitted Business" means any business engaged in by the Issuers or any Restricted Subsidiary on the Closing Date and any Related Business.

"Permitted Holders" means TPG Partners II, L.P. and its Affiliates and any Person acting in the capacity of an underwriter in connection with a public or private offering of the Company's or SCI LLC's Capital Stock.

"Permitted Investment" means an Investment by the Company or any Restricted Subsidiary (a) in the Company, a Restricted Subsidiary or a Person that will, upon the making of such Investment, become a Restricted Subsidiary; provided, however , that the primary business of such Restricted Subsidiary is a Permitted Business; (b) in another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary; provided, however, that such Person's primary business is a Permitted Business; (c) in Temporary Cash Investments; (d) in receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances; (e) 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; (f) in loans or advances to employees made in the ordinary course of business consistent with prudent business practice and not exceeding $5 million in the aggregate outstanding at any one time; (g) in stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary or in satisfaction of judgments; (h) in any Person to the extent such Investment represents the noncash portion of the consideration received for an Asset Disposition that was made pursuant to and in compliance with Section 4.06 or a transaction not constituting an Asset Disposition by reason of the $1 million threshold contained in the definition thereof; (i) that constitutes a Hedging Obligation or commodity hedging arrangement entered into for bona fide hedging purposes of the Company in the ordinary course of business and otherwise in accordance with this Indenture; (j) in securities of any trade creditor or customer received in settlement of obligations or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor or customer; (k) acquired as a result of a foreclosure by the Company or such Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default; (l) existing as of the Closing Date or an Investment consisting of any extension, modification

or renewal of any Investment existing as of the Closing Date (excluding any such extension, modification or renewal involving additional advances, contributions or other investments of cash or property or other increases thereof unless it is a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms, as of the Closing Date, of the original Investment so extended, modified or renewed); (m) consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and otherwise in accordance with this Indenture; (n) in a trust, limited liability company, special purpose entity or other similar entity in connection with a Receivables Facility permitted under Section 4.03; provided that, in the good faith determination of the Board of Directors, such Investment is necessary or advisable to effect such Receivables Facility; (o) consisting of intercompany Indebtedness permitted under Section 4.03; (p) the consideration for which consists solely of shares of common stock of the Company; and (q) so long as no Default shall have occurred and be continuing (or result therefrom), in any Person engaged in a Permitted Business having an aggregate Fair Market Value (measured on the date made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (q) that are at the time outstanding (and measured on the date made and without giving effect to subsequent changes in value), not to exceed $15 million.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Preferred Stock", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Public Equity Offering" means an underwritten primary public offering of common stock of the Company pursuant to an effective registration statement under the Securities Act, other than public offerings with respect to the Company's common stock registered on Form S-8.

"Purchase Money Indebtedness" means Indebtedness (a) consisting of the deferred purchase price of an asset, conditional sale obligations, obligations under any title retention agreement and other purchase money obligations, in each case where the maturity of such Indebtedness does not exceed the anticipated useful life of the asset being financed, and (b) Incurred to finance the acquisition by the Company or a Restricted Subsidiary of all or a portion of such asset, including additions and improvements; provided, however, that such Indebtedness is Incurred within 180 days after the acquisition by the Company or such Restricted Subsidiary of such asset or the relevant addition or improvement.

"Qualified Proceeds" means any of the following or any combination of the following: (a) cash, (b) Temporary Cash Investments, (c) the Fair Market Value of assets that are used or useful in the Permitted Business and (d) the Fair Market Value of the Capital Stock of any Person engaged primarily in a Permitted Business if, in connection with the

receipt by the Company or any Restricted Subsidiary of the Company of such Capital Stock, (i) such Person becomes a Restricted Subsidiary or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary.

"Recapitalization Related Special Charges" means separately delineated costs on the income statement of the Company that are characterized as non-recurring expenses and are associated with the Recapitalization of the Company consisting of costs related to (a) branding and marketing, (b) consulting and information technology, (c) recruiting and employee retention bonuses and (d) facility or office relocations.

"Receivables Facility" means one or more receivables financing facilities, as amended from time to time, pursuant to which the Company and/or any of its Restricted Subsidiaries sells its accounts receivable to a Person that is not a Restricted Subsidiary pursuant to arrangements customary in the industry.

"Refinance" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that is Incurred to refund, refinance, replace, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness of the Company or any Restricted Subsidiary (including Indebtedness of the Company that Refinances Refinancing Indebtedness); provided, however, that (a) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced, (b) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being refinanced, (c) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced and (d) if the Indebtedness being refinanced is subordinated in right of payment to the Notes, such Refinancing Indebtedness is subordinated in right of payment to the Notes at least to the same extent as the Indebtedness being Refinanced; provided further, however, that Refinancing Indebtedness shall not include (i) Indebtedness of a Restricted Subsidiary that Refinances Indebtedness of the Company or (ii) Indebtedness of the Company or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

"Related Business" means any business related, ancillary or complementary to any of the businesses of the Company and the Restricted Subsidiaries on the Closing Date.

"Representative" means the trustee, agent or representative (if any) for an issue of Senior Indebtedness as identified to the Trustee pursuant to a written notice from either of the Issuers or any Note Guarantor.

"Restricted Subsidiary" means any Subsidiary of the Company (including SCI LLC) other than an Unrestricted Subsidiary.

"Sale/Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired by the Company or a Restricted Subsidiary whereby the Company or a Restricted Subsidiary transfers such property to a Person and the Company or such Restricted Subsidiary leases it from such Person, other than leases between the Company and a Wholly Owned Subsidiary or between Wholly Owned Subsidiaries.

"SCG Holding Preferred Stock" means mandatorily redeemable preferred stock of the Company issued in connection with the Transactions.

"SCI LLC" means Semiconductor Components Industries, LLC until a successor replaces it and, thereafter, means the successor.

"Secured Indebtedness" means any Indebtedness of the Company secured by a Lien. "Secured Indebtedness" of a Note Guarantor has a correlative meaning.

"Securities Act" means the Securities Act of 1933.

"Senior Indebtedness" of the Company, SCI LLC or any Note Guarantor, as applicable, means the principal of, premium (if any) and accrued and unpaid interest on (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization of the Company, SCI LLC or any Note Guarantor, regardless of whether or not a claim for post-filing interest is allowed in such proceedings) and fees and other amounts owing in respect of, Bank Indebtedness and all other Indebtedness of the Company, SCI LLC or any Note Guarantor, whether outstanding on the Closing Date or thereafter Incurred, unless in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such obligations are subordinated in right of payment to the Notes or such Note Guarantor's Note Guarantee; provided, however , that Senior Indebtedness shall not include (a) any obligation of the Company or SCI LLC to any Subsidiary of the Company or any obligation of such Note Guarantor to the Company, SCI LLC or any other Subsidiary of the Company, (b) any liability for Federal, state, local or other taxes owed or owing by the Company, SCI LLC or such Note Guarantor, (c) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities), (d) any Indebtedness or obligation of the Company, SCI LLC or such Note Guarantor (and any accrued and unpaid interest in respect thereof) that by its terms is subordinated or junior in right of payment to any other Indebtedness or obligation of the Company, SCI LLC or such Note Guarantor, including any Senior Subordinated Indebtedness and any Subordinated Obligations, (e) any obligations with respect to any Capital Stock or (f) any Indebtedness Incurred in violation of this Indenture.

"Senior Subordinated Indebtedness" of the Company means the Notes and any other Indebtedness of the Company that specifically provides that such Indebtedness is to rank pari passu with the Notes in right of payment and is not subordinated by its terms in right of payment to any Indebtedness or other obligation of the Company which is not Senior

Indebtedness. "Senior Subordinated Indebtedness" of a Note Guarantor has a correlative meaning.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the Commission.

"SMP" means Surface Mount Products Malaysia Sdn. Bhd., a company organized under the laws of Malaysia.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"Subordinated Obligation" means any Indebtedness of the Company (whether outstanding on the Closing Date or thereafter Incurred) that is subordinate or junior in right of payment to the Notes pursuant to a written agreement. "Subordinated Obligation" of a Note Guarantor has a correlative meaning.

"Subsidiary" of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total Voting Stock is at the time owned or controlled, directly or indirectly, by (a) such Person, (b) such Person and one or more Subsidiaries of such Person or (c) one or more Subsidiaries of such Person. Notwithstanding the foregoing, with respect to the Company, the term "Subsidiary" also shall include the following Persons: Tesla Sezam, a.s., Terosil, a.s. and Leshan-Phoenix Semiconductor Co. Ltd, so long as the Company directly or indirectly owns more than 50% of the Voting Stock or economic interests of such Person.

"Temporary Cash Investments" means any of the following: (a) any investment in direct obligations of the United States of America or any agency thereof or obligations Guaranteed by the United States of America or any agency thereof, (b) investments in time deposit accounts, certificates of deposit and money market deposits maturing not more than one year from the date of acquisition thereof, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case with a bank or trust company that is organized under the laws of the United States of America, any state thereof (including any foreign branch of any of the foregoing) or any foreign country recognized by the United States of America having capital, surplus and undivided profits aggregating in excess of $250,000,000 (or the foreign currency equivalent thereof), (c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (a) above or clause (e) below entered into with a bank meeting the qualifications described in clause (b) above, (d) investments in commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America having

at the time as of which any investment therein is made one of the two highest ratings obtainable from either Moody's Investors Service, Inc. ("Moody's") or Standard and Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. ("S&P"), (e) investments in securities with maturities of six months or less from the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, or by any foreign government or any state, commonwealth or territory or by any political subdivision or taxing authority thereof, and, in each case, having one of the two highest ratings obtainable from either S&P or Moody's; and (f) investments in funds investing exclusively in investments of the types described in clauses (a) and (e) above.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. ss.ss.77aaa-77bbbb) as in effect on the Closing Date.

"Trade Payables" means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transactions" has the meaning assigned thereto in the Offering Memorandum.

"Trustee" means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor.

"Trust Officer" means any vice president, assistant vice president or trust officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Uniform Commercial Code" means the New York Uniform Commercial Code as in effect from time to time.

"Unrestricted Subsidiary" means (a) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below and (b) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary of the Company) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; provided, however, that either (i) the Subsidiary to be so designated has total Consolidated assets of $1,000 or less or (ii) if such Subsidiary has Consolidated assets greater than $1,000, then such designation would be permitted under Section 4.04. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation (a) the Company could Incur $1.00 of additional Indebtedness under Section 4.03(a) and (b) no Default shall have occurred and be continuing. Any such designation of a Subsidiary as a Restricted Subsidiary or Unrestricted Subsidiary by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors

giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

"Voting Stock" of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled at the time to vote in the election of directors, managers or trustees thereof.

"Wholly Owned Subsidiary" means a Restricted Subsidiary of the Company all the Capital Stock of which (other than directors' qualifying shares) is owned by the Company or another Wholly Owned Subsidiary.

SECTION 1.02. Other Definitions. The following terms have the definitions set forth in the Sections listed below.

Term	Defined in Section
"Affiliate Transaction"	4.07(a)
"Appendix"	Preamble
"Bankruptcy Law"	6.01
"beneficially own"	1.01
"Blockage Notice"	10.03
"Change of Control Offer"	4.08(b)
"covenant defeasance option"	8.01(b)
"Custodian"	6.01
"Definitive Notes"	Appendix
"Event of Default"	6.01
"Exchange Notes"	Preamble
"Global Notes"	Appendix
"Guarantee Blockage Notice"	12.03
"Guaranteed Obligations"	11.01
"Guaranteed Payment Blockage Period"	12.03
"incorporated provision"	13.01
"Initial Notes"	Preamble
"legal defeasance option"	8.01(b)
"Legal Holiday"	13.08
"Notice of Default"	6.01
"Offer"	4.06(b)
"Offer Amount"	4.06(c)(ii)
"Offer Period"	4.06(c)(ii)
"pay its Guarantee"	12.03

Term	Defined in Section
"pay the Notes"	10.03
"Paying Agent"	2.03
"Payment Blockage Period"	10.03
"Private Exchange"	Appendix
"Private Exchange Notes"	Appendix
"protected purchaser"	2.07
"Purchase Date"	4.06(c)(i)
"Registered Exchange Offer"	Appendix
"Registrar"	2.03
"Required Information"	4.02
"Restricted Payment"	4.04(a)
"Successor Company"	5.01(a)

SECTION 1.03. Incorporation by Reference of Trust Indenture Act. This Indenture is subject to the mandatory provisions of the TIA, which are incorporated by reference in and made a part of this Indenture. The following TIA terms have the following meanings:

"Commission" means the Commission.

"indenture securities" means the Notes and the Note Guarantees.

"indenture security holder" means a Holder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means the Company, the Note Guarantors and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule have the meanings assigned to them by such definitions.

SECTION 1.04. Rules of Construction. Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) "or" is not exclusive;

(d) "including" means including without limitation;

(e) words in the singular include the plural and words in the plural include the singular;

(f) unsecured Indebtedness shall not be deemed to be subordinate or junior to Secured Indebtedness merely by virtue of its nature as unsecured Indebtedness;

(g) the principal amount of any noninterest bearing or other discount security at any date shall be the principal amount thereof that would be shown on a balance sheet of the issuer dated such date prepared in accordance with GAAP; and

(h) the principal amount of any Preferred Stock shall be (i) the maximum liquidation value of such Preferred Stock or (ii) the maximum mandatory redemption or mandatory repurchase price with respect to such Preferred Stock, whichever is greater.

ARTICLE 2

The Notes

SECTION 2.01. Form and Dating. Provisions relating to the Initial Notes, the Private Exchange Notes and the Exchange Notes are set forth in the Appendix, which is hereby incorporated in and expressly made a part of this Indenture. The (a) Initial Notes and the Trustee's certificate of authentication and (b) Private Exchange Notes and the Trustee's certificate of authentication shall each be substantially in the form of Exhibit A hereto, which is hereby incorporated in and expressly made a part of this Indenture. The Exchange Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit B hereto, which is hereby incorporated in and expressly made a part of this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Issuers or any Note Guarantor are subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Issuers). Each Note shall be dated the date of its authentication. The Notes shall be issuable only in registered form without interest coupons and only in denominations of $1,000 and integral multiples thereof.

SECTION 2.02. Execution and Authentication. One Officer shall sign the Notes for each of the Issuers by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time the Trustee authenticates the Note, the Note shall be valid nevertheless.

A Note shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Note. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee shall authenticate and make available for delivery Notes as set forth in the Appendix.

The Trustee may appoint an authenticating agent reasonably acceptable to the Issuers to authenticate the Notes. Any such appointment shall be evidenced by an instrument signed by a Trust Officer, a copy of which shall be furnished to the Issuers. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

SECTION 2.03. Registrar and Paying Agent. (a) The Issuers shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Notes may be presented for payment (the "Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Issuers may have one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent, and the term "Registrar" includes any co-registrars. The Issuers initially appoint the Trustee as (i) Registrar and Paying Agent in connection with the Notes and (ii) the Notes Custodian with respect to the Global Notes.

(b) The Issuers shall enter into an appropriate agency agreement with any Registrar or Paying Agent not a party to this Indenture, which shall incorporate the terms of the TIA. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuers shall notify the Trustee of the name and address of any such agent. If the Issuers fail to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Issuers or any of their domestically organized Wholly Owned Subsidiaries may act as Paying Agent or Registrar.

(c) The Issuers may remove any Registrar or Paying Agent upon written notice to such Registrar or Paying Agent and to the Trustee; provided, however, that no such removal shall become effective until (i) acceptance of an appointment by a successor as evidenced by an appropriate agreement entered into by the Issuers and such successor Registrar or Paying Agent, as the case may be, and delivered to the Trustee or (ii) notification to the Trustee that the Trustee shall serve as Registrar or Paying Agent until the appointment of a successor in accordance with clause (i) above. The Registrar or Paying Agent may resign at any time upon written notice to the Issuers and the Trustee.

SECTION 2.04. Paying Agent to Hold Money in Trust. Prior to each due date of the principal and interest on any Note, the Issuers shall deposit with the Paying Agent (or if either of the Issuers or a Subsidiary of the Issuers is acting as Paying Agent, segregate

and hold in trust for the benefit of the Persons entitled thereto) a sum sufficient to pay such principal and interest when so becoming due. The Issuers shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of or interest on the Notes, shall notify the Trustee of any default by the Issuers in making any such payment. If either of the Issuers or a Subsidiary of the Issuers acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Issuers at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

SECTION 2.05. Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Issuers shall furnish, or cause the Registrar to furnish, to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

SECTION 2.06. Transfer and Exchange. The Notes shall be issued in registered form and shall be transferable only upon the surrender of a Note for registration of transfer and in compliance with the Appendix. When a Note is presented to the Registrar with a request to register a transfer, the Registrar shall register the transfer as requested if its requirements therefor are met. When Notes are presented to the Registrar with a request to exchange them for an equal principal amount of Notes of other denominations, the Registrar shall make the exchange as requested if the same requirements are met. To permit registration of transfers and exchanges, the Issuers shall execute and the Trustee shall authenticate Notes at the Registrar's request. The Issuers may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges in connection with any transfer or exchange pursuant to this Section. The Issuers shall not be required to make and the Registrar need not register transfers or exchanges of Notes selected for redemption (except, in the case of Notes to be redeemed in part, the portion thereof not to be redeemed) or any Notes for a period of 15 days before a selection of Notes to be redeemed.

Prior to the due presentation for registration of transfer of any Note, the Issuers, the Note Guarantors, the Trustee, the Paying Agent, and the Registrar may deem and treat the Person in whose name a Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and (subject to paragraph 2 of the Notes) interest, if any, on such Note and for all other purposes whatsoever, whether or not such Note is overdue, and none of the Issuers, any Note Guarantor, the Trustee, the Paying Agent, or the Registrar shall be affected by notice to the contrary.

Any Holder of a Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interest in such Global Note may be effected only through a book-entry system maintained by (a) the Holder of such Global Note (or its agent) or (b) any

Holder of a beneficial interest in such Global Note, and that ownership of a beneficial interest in such Global Note shall be required to be reflected in a book entry.

All Notes issued upon any transfer or exchange pursuant to the terms of this Indenture will evidence the same debt and will be entitled to the same benefits under this Indenture as the Notes surrendered upon such transfer or exchange.

SECTION 2.07. Replacement Notes. If a mutilated Note is surrendered to the Registrar or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Issuers shall issue and the Trustee shall authenticate a replacement Note if the requirements of Section 8-405 of the Uniform Commercial Code are met, such that the Holder (a) satisfies the Issuers or the Trustee within a reasonable time after he has notice of such loss, destruction or wrongful taking and the Registrar does not register a transfer prior to receiving such notification, (b) makes such request to the Issuers or the Trustee prior to the Note being acquired by a protected purchaser as defined in Section 8-303 of the Uniform Commercial Code (a "protected purchaser") and (c) satisfies any other reasonable requirements of the Trustee. If required by the Trustee or the Issuers, such Holder shall furnish an indemnity bond sufficient in the judgment of the Trustee to protect the Issuers, the Trustee, the Paying Agent and the Registrar from any loss that any of them may suffer if a Note is replaced. The Issuers and the Trustee may charge the Holder for their expenses in replacing a Note. In the event any such mutilated, lost, destroyed or wrongfully taken Note has become or is about to become due and payable, the Issuers in their discretion may pay such Note instead of issuing a new Note in replacement thereof.

Every replacement Note is an additional obligation of the Issuers.

Upon the issuance of any replacement Note under this Section 2.07, the Issuers may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges that may be imposed in connection therewith.

The provisions of this Section 2.07 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, lost, destroyed or wrongfully taken Notes.

SECTION 2.08. Outstanding Notes. Notes outstanding at any time are all authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding. Subject to Section 13.06, a Note does not cease to be outstanding because the Issuers or an Affiliate of the Issuers hold the Note.

If a Note is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee and the Issuers receive proof satisfactory to them that the replaced Note is held by a protected purchaser.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date or maturity date money sufficient to pay all principal and interest and liquidated damages, if any, payable on that date with respect to the Notes (or

portions thereof) to be redeemed or maturing, as the case may be, and the Paying Agent is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture, then on and after that date such Notes (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.09. Temporary Notes. In the event that Definitive Notes are to be issued under the terms of this Indenture, until such Definitive Notes are ready for delivery, the Issuers may prepare and the Trustee shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of Definitive Notes but may have variations that the Issuers consider appropriate for temporary Notes. Without unreasonable delay, the Issuers shall prepare and the Trustee shall authenticate Definitive Notes and deliver them in exchange for temporary Notes upon surrender of such temporary Notes at the office or agency of the Issuers, without charge to the Holder.

SECTION 2.10. Cancellation. The Issuers at any time may deliver Notes to the Trustee for cancelation. The Registrar and the Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment or cancelation and shall dispose of canceled Notes in accordance with its customary procedures or deliver canceled Notes to the Issuers pursuant to written direction by an Officer. The Issuers may not issue new Notes to replace Notes it has redeemed, paid or delivered to the Trustee for cancelation. The Trustee shall not authenticate Notes in place of canceled Notes other than pursuant to the terms of this Indenture.

SECTION 2.11. Defaulted Interest. If the Issuers default in a payment of interest on the Notes, the Issuers shall pay the defaulted interest (plus interest on such defaulted interest to the extent lawful) in any lawful manner. The Issuers may pay the defaulted interest to the Persons who are Holders on a subsequent special record date. The Issuers shall fix or cause to be fixed any such special record date and payment date to the reasonable satisfaction of the Trustee and shall promptly mail or cause to be mailed to each Holder a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

SECTION 2.12. CUSIP and "ISIN" Numbers. The Issuers in issuing the Notes may use "CUSIP" and "ISIN" numbers (if then generally in use) and, if so, the Trustee shall use "CUSIP" and "ISIN" numbers in notices of redemption as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers.

SECTION 2.13. Computation of Interest. Interest on the Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

Article 3

Redemption

SECTION 3.01. Notices to Trustee. If the Issuers elect to redeem Notes pursuant to paragraph 5 of the Notes, they shall notify the Trustee in writing of the redemption date and the principal amount of Notes to be redeemed.

The Issuers shall give each notice to the Trustee provided for in this Section at least 45 days before the redemption date unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officers' Certificate from the Issuers to the effect that such redemption will comply with the conditions herein. Any such notice may be canceled at any time prior to notice of such redemption being mailed to any Holder and shall thereby be void and of no effect.

SECTION 3.02. Selection of Notes To Be Redeemed. If fewer than all the Notes are to be redeemed, the Trustee shall select the Notes to be redeemed pro rata or by lot or by a method that the Trustee in its sole discretion shall deem to be fair and appropriate. The Trustee shall make the selection from outstanding Notes not previously called for redemption. The Trustee may select for redemption portions of the principal of Notes that have denominations larger than $1,000. Notes and portions of them the Trustee selects shall be in amounts of $1,000 or a whole multiple of $1,000. Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption. The Trustee shall notify the Issuers promptly of the Notes or portions of Notes to be redeemed.

SECTION 3.03. Notice of Redemption. (a) At least 30 days but not more than 60 days before a date for redemption of Notes, the Issuers shall mail a notice of redemption by first-class mail to each Holder of Notes to be redeemed at such Holder's registered address.

The notice shall identify the Notes to be redeemed and shall state:

(i) the redemption date;

(ii) the redemption price and the amount of accrued interest to the redemption date;

(iii) the name and address of the Paying Agent;

(iv) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(v) if fewer than all the outstanding Notes are to be redeemed, the certificate numbers and principal amounts of the particular Notes to be redeemed;

(vi) that, unless the Issuers default in making such redemption payment or the Paying Agent is prohibited from making such payment pursuant to the terms of this Indenture, interest on Notes (or portion thereof) called for redemption ceases to accrue on and after the redemption date;

(vii) the CUSIP or ISIN number, if any, printed on the Notes being redeemed; and

(viii) that no representation is made as to the correctness or accuracy of the CUSIP or ISIN number, if any, listed in such notice or printed on the Notes.

(b) At the Issuers' request, the Trustee shall give the notice of redemption in the Issuers' name and at the Issuers' expense. In such event, the Issuers shall provide the Trustee with the information required by this Section.

SECTION 3.04. Effect of Notice of Redemption. Once notice of redemption is mailed, Notes called for redemption become due and payable on the redemption date and at the redemption price stated in the notice. Upon surrender to the Paying Agent, such Notes shall be paid at the redemption price stated in the notice, plus accrued interest and liquidated damages, if any, to the redemption date; provided, however, that if the redemption date is after a regular record date and on or prior to the related interest payment date, the accrued interest and liquidated damages, if any, shall be payable to the Holder of the redeemed Notes registered on the relevant record date. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

SECTION 3.05. Deposit of Redemption Price. Prior to 10:00 a.m. on the redemption date, the Issuers shall deposit with the Paying Agent (or, if either of the Issuers or a Subsidiary of the Issuers is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the redemption price of and accrued interest and liquidated damages, if any, on all Notes to be redeemed on that date other than Notes or portions of Notes called for redemption that have been delivered by the Issuers to the Trustee for cancelation. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption so long as the Issuers have deposited with the Paying Agent funds sufficient to pay the principal of, plus accrued and unpaid interest and liquidated damages, if any, on, the Notes to be redeemed, unless the Paying Agent is prohibited from making such payment pursuant to the terms of this Indenture. The Paying Agent shall promptly return to the Issuers upon their written request any money deposited with the Paying Agent by the Issuers that is in excess of the amounts necessary to pay the redemption price of and accrued interest and liquidated damages, if any, on all Notes to be redeemed.

SECTION 3.06. Notes Redeemed in Part. Upon surrender of a Note that is redeemed in part, the Issuers shall execute and the Trustee shall authenticate for the Holder (at the Issuers' expense) a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

Article 4

Covenants

SECTION 4.01. Payment of Notes. The Issuers shall promptly pay the principal of and interest on the Notes on the dates and in the manner provided in the Notes and in this Indenture. Principal and interest shall be considered paid on the date due if on such date the Trustee or the Paying Agent holds in accordance with this Indenture money sufficient to pay all principal and interest then due and the Trustee or the Paying Agent, as the case may be, is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture.

The Issuers shall pay interest on overdue principal at the rate specified therefor in the Notes, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful. Notwithstanding anything to the contrary contained in this Indenture, the Issuers may, to the extent they are required to do so by law, deduct or withhold income or other similar taxes imposed by the United States of America from principal or interest payments hereunder.

SECTION 4.02. Commission Reports. Notwithstanding that the Company may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall provide the Trustee and Holders and prospective Holders (upon request) within 15 days after it files them with the Commission (or would be required to file with the Commission), copies of its annual report and the information, documents and other reports that are specified in Section 13 and 15(d) of the Exchange Act (collectively, the "Required Information"); provided, however, that if any of the Required Information is filed with the Commission, the Company shall only be required to provide the Trustee copies of such Required Information. In addition, following a Public Equity Offering, the Company shall furnish to the Trustee, promptly upon their becoming available, copies of the annual report to shareholders and any other information provided by the Company to its public shareholders generally. The Company also shall comply with the other provisions of TIA ss. 314(a).

SECTION 4.03. Limitation on Indebtedness. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness; provided, however, that the Company, SCI LLC or any Note Guarantor may Incur Indebtedness if on the date of such Incurrence and after giving effect thereto, the Consolidated Coverage Ratio would be greater than 2.25:1.

(b) Notwithstanding Section 4.03(a), the Company and, to the extent specified, its Restricted Subsidiaries may Incur the following Indebtedness:

(i) Bank Indebtedness of the Company, SCI LLC or any Note Guarantor and any Receivables Facility in an aggregate principal amount not to exceed $1.025 billion less the aggregate amount of all prepayments of principal applied to permanently reduce any such Indebtedness;

(ii) Indebtedness in respect of a Receivables Facility in an aggregate principal amount not to exceed the lesser of (1) the amount of all prepayments of principal applied to permanently reduce Indebtedness under Section 4.03(b)(i) and (2) $100 million;

(iii) Indebtedness of the Company owed to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owed to and held by the Company or any other Restricted Subsidiary; provided, however, that (1) any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Indebtedness (except to the Company or another Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the issuer thereof, (2) if the Company or SCI LLC is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes and (3) if a Note Guarantor is the obligor, such Indebtedness is subordinated in right of payment to the Note Guarantee of such Note Guarantor;

(iv) Indebtedness represented by the Junior Subordinated Note, the Notes, the Note Guarantees, the Exchange Notes, Guarantees of the Exchange Notes and any replacement Notes issued pursuant to this Indenture;

(v) Indebtedness outstanding on the Closing Date (other than the Indebtedness described in clause (ii), (iii) or (iv) of this Section 4.03(b));

(vi) Indebtedness consisting of Refinancing Indebtedness Incurred in respect of any Indebtedness described in Section 4.03(a) and in clauses (iv), (v), (vi), (vii), (x) and (xiii) of this Section 4.03(b);

(vii) Indebtedness consisting of Guarantees of (1) any Indebtedness permitted under Section 4.03(a), so long as the Person providing the Guarantee is a Note Guarantor or (2) any Indebtedness permitted under this Section 4.03(b);

(viii) Indebtedness of the Company or any of its Restricted Subsidiaries in respect of worker's compensation claims, self-insurance obligations, performance bonds, bankers' acceptances, letters of credit, surety, appeal or similar bonds and completion guarantees provided by the Company and the Restricted Subsidiaries in the ordinary course of their business; provided, however, that upon the drawing of letters of credit for reimbursement obligations, including with respect to workers'

compensation claims, or the Incurrence of other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims, such obligations are reimbursed within 30 days following such drawing or Incurrence;

(ix) Indebtedness under Interest Rate Agreements and Currency Agreements entered into for bona fide hedging purposes of the Company in the ordinary course of business;

(x) Purchase Money Indebtedness, mortgage financings and Capitalized Lease Obligations, in each case Incurred by the Company, SCI LLC or any Restricted Subsidiary for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Permitted Business, and in an aggregate principal amount not in excess of $25 million at any one time outstanding.

(xi) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five business days of Incurrence;

(xii) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of the Company or any Restricted Subsidiary; provided that (1) the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company and its Subsidiaries in connection with such disposition and (2) such Indebtedness is not reflected in the balance sheet of the Company or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (2));

(xiii) Indebtedness of the Company or any of its Restricted Subsidiaries that is Acquired Debt in an aggregate principal amount at any time outstanding not to exceed $25 million; or

(xiv) Indebtedness (other than Indebtedness permitted to be Incurred pursuant to Section 4.03(a) or any other clause of Section 4.03(b)) of the Company or any Restricted Subsidiary in an aggregate principal amount (or accreted value, as applicable) on the date of Incurrence that, when added to all other Indebtedness Incurred pursuant to this clause (xiv) and then outstanding, shall not exceed $50 million, of which up to $25 million may be Incurred by Restricted Subsidiaries that are not Note Guarantors.

(c) Notwithstanding the foregoing, neither the Company nor SCI LLC shall Incur any Indebtedness pursuant to Section 4.03(b) above if the proceeds thereof are used, directly or indirectly, to repay, prepay, redeem, defease, retire, refund or refinance any Subordinated Obligations of such Person in reliance on Section 4.04(b)(ii) unless such Indebtedness shall be subordinated to the Notes to at least the same extent as such Subordinated Obligations. Neither the Company nor SCI LLC shall Incur any Indebtedness if such Indebtedness is subordinated or junior in right of payment to any Senior Indebtedness unless such Indebtedness is Senior Subordinated Indebtedness or is expressly subordinated in right of payment to Senior Subordinated Indebtedness. In addition, neither the Company nor SCI LLC shall Incur any Secured Indebtedness that is not Senior Indebtedness unless contemporaneously therewith effective provision is made to secure the Notes equally and ratably with (or on a senior basis to, in the case of Indebtedness subordinated in right of payment to the Notes) such Secured Indebtedness for so long as such Secured Indebtedness is secured by a Lien. A Note Guarantor shall not Incur any Indebtedness if such Indebtedness is by its terms expressly subordinated or junior in right of payment to any Senior Indebtedness of such Note Guarantor unless such Indebtedness is Senior Subordinated Indebtedness of such Note Guarantor or is expressly subordinated in right of payment to Senior Subordinated Indebtedness of such Note Guarantor. In addition, a Note Guarantor shall not Incur any Secured Indebtedness that is not Senior Indebtedness of such Note Guarantor unless contemporaneously therewith effective provision is made to secure the Note Guarantee of such Note Guarantor equally and ratably with (or on a senior basis to, in the case of Indebtedness subordinated in right of payment to such Note Guarantee) such Secured Indebtedness for as long as such Secured Indebtedness is secured by a Lien.

(d) Notwithstanding any other provision of this Section 4.03, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may Incur pursuant to this Section 4.03 shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rates of currencies. For purposes of determining compliance with this Section 4.03, (i) Indebtedness Incurred pursuant to the Credit Agreement prior to or on the Closing Date shall be treated as Incurred pursuant to Section 4.03(b)(i), (ii) Indebtedness permitted by this Section 4.03 need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Section 4.03 permitting such Indebtedness, (iii) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in this Section 4.03, the Company, in its sole discretion, shall classify such Indebtedness and only be required to include the amount of such Indebtedness in one of such clauses and (iv) the aggregate amount of any Indebtedness Guaranteed pursuant to Section 4.03(b)(vii) will be included in the calculation of Indebtedness, but the corresponding amount of the Guarantee will not be so included.

(e) Accrual of interest, the accretion of accreted value and the payment of interest in the form of additional Indebtedness will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant.

(f) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent

principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term debt, or first committed, in the case of revolving credit debt; provided, that (i) the U.S. dollar-equivalent principal amount of any such Indebtedness outstanding or committed on the Closing Date shall be calculated based on the relevant currency exchange rate in effect on August 1, 1999, and (ii) if such Indebtedness is Incurred to Refinance other Indebtedness denominated in a foreign currency, and such Refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such Refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being Refinanced. The principal amount of any Indebtedness Incurred to Refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being Refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such Refinancing.

(g) The Company will not, and will not permit SCI LLC to, make any amendment to the Junior Subordinated Note which (i) makes the Junior Subordinated Note subordinated in right of payment to the Notes to a lesser extent than on the Closing Date or (ii) results or could result in any cash payment of principal, premium or interest in respect of the Junior Subordinated Note becoming due at any time prior to the date such payment would have been required in accordance with the terms of the Junior Subordinated Note as in effect on the Closing Date.

SECTION 4.04. Limitation on Restricted Payments. (a) The Company shall not, and shall not permit any Restricted Subsidiary, directly or indirectly, to (i) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company) or similar payment to the direct or indirect holders of its Capital Stock except dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock) and except dividends or distributions payable to the Company or another Restricted Subsidiary (and, if such Restricted Subsidiary has shareholders other than the Company or other Restricted Subsidiaries, to its other shareholders on a pro rata basis), (ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or another Restricted Subsidiary, other than the making of a Permitted Investment, (iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment any Subordinated Obligations (other than the purchase, repurchase or other acquisition of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of acquisition), (iv) make any Investment (other than a Permitted Investment) in any Person or (v) make or pay any interest or other distribution on the Junior Subordinated Note except interest or other distributions payable solely in Capital Stock (other than Disqualified Stock) or additional Junior Subordinated Notes (any such dividend, distribution, purchase, redemption,

repurchase, defeasance, other acquisition, retirement or Investment described in and not excluded from clauses (i) through (v) being herein referred to as a "Restricted Payment"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(1) a Default shall have occurred and be continuing (or would result therefrom);

(2) the Company could not Incur at least $1.00 of additional Indebtedness under Section 4.03(a); or

(3) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be determined in good faith by the Board of Directors, whose determination shall be conclusive and evidenced by a resolution of the Board of Directors) declared or made subsequent to the Closing Date would exceed the sum of, without duplication:

(A) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from the beginning of the fiscal quarter immediately following the fiscal quarter during which the Closing Date occurs to the end of the most recent fiscal quarter for which internal financial statements are available prior to the date of such Restricted Payment (or, in case such Consolidated Net Income shall be a deficit, minus 100% of such deficit);

(B) the aggregate Qualified Proceeds received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock) subsequent to the Closing Date (other than an issuance or sale to (x) a Subsidiary of the Company or (y) an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries for the benefit of its employees to the extent that the purchase by such plan or trust is financed by Indebtedness of such plan or trust owed to the Company or any of its Subsidiaries or Indebtedness Guaranteed by the Company or any of its Subsidiaries);

(C) 100% of the aggregate Qualified Proceeds received by the Company from the issuance or sale of debt securities of the Company or Disqualified Stock of the Company that after the Closing Date have been converted into or exchanged for Capital Stock (other than Disqualified Stock) of the Company (other than an issuance or sale to a Subsidiary of the Company or an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries for the benefit of its employees to the extent that the purchase by such plan or trust is financed by Indebtedness of such plan or trust owed to the Company or any of its Subsidiaries or Indebtedness Guaranteed by the Company or any of its Subsidiaries (less the amount of any cash or the Fair Market Value of any property distributed by

the Company or any Restricted Subsidiary upon such conversion or exchange); provided, however, that no amount will be included in this clause (C) to the extent it is already included in Consolidated Net Income;

(D) in the case of any Investment by the Company or any Restricted Subsidiary (other than any Permitted Investment) made after the Closing Date, the disposition of such Investment by, or repayment of such Investment to, the Company or a Restricted Subsidiary or the receipt by the Company or any Restricted Subsidiary of any dividends or distributions from such Investment, an aggregate amount equal to the lesser of (x) the aggregate amount of such Investment treated as a Restricted Payment pursuant to clause (iv) above and (y) the aggregate amount in cash received by the Company or any Restricted Subsidiary upon such disposition, repayment, dividend or distribution; provided, however, that no amount will be included in this clause (iv) to the extent it is already included in Consolidated Net Income;

(E) in the event the Company or any Restricted Subsidiary makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, an amount equal to the Company's or any Restricted Subsidiary's existing Investment in such Person that was previously treated as a Restricted Payment pursuant to clause (iv) above; provided, however, that such Person is engaged in a Permitted Business; and

(F) the amount equal to the sum of (x) the net reduction in Investments in Unrestricted Subsidiaries resulting from payments of dividends, repayments of the principal of loans or advances or other transfers of assets to the Company or any Restricted Subsidiary from Unrestricted Subsidiaries and (y) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is redesignated a Restricted Subsidiary; provided, however, that the foregoing sum shall not exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary and treated as a Restricted Payment pursuant to clause (iv) above.

(b) The provisions of Section 4.04(a) shall not prohibit:

(i) any purchase, repurchase, redemption or other acquisition or retirement for value of Capital Stock of the Company or any Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent sale of, other Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of the Company or an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries

for the benefit of its employees to the extent that the purchase by such plan or trust is financed by Indebtedness of such plan or trust owed to the Company or any of its Subsidiaries or Indebtedness Guaranteed by the Company or any of its Subsidiaries); provided, however, that (1) such Restricted Payment shall be excluded from the calculation of the amount of Restricted Payments and (2) the Net Cash Proceeds from such sale applied in the manner set forth in this clause (i) shall be excluded from the calculation of amounts under Section 4.04(a)(3)(B);

(ii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations of the Company or any Restricted Subsidiary, other than the Junior Subordinated Note, made by exchange for, or out of the proceeds of the substantially concurrent sale of, Indebtedness that is permitted to be Incurred pursuant to Section 4.03(b); provided, however, that such purchase repurchase, redemption, defeasance or other acquisition or retirement for value shall be excluded from the calculation of the amount of Restricted Payments;

(iii) the repurchase, redemption or other acquisition or retirement for value of Disqualified Stock of the Company or any Restricted Subsidiary made by exchange for, or out of the proceeds of the substantially concurrent sale of, Disqualified Stock of the Company or any Restricted Subsidiary that is permitted to be Incurred pursuant to Section 4.03; provided, however, that such repurchase, redemption or other acquisition or retirement for value will be excluded from the calculation of the amount of Restricted Payments;

(iv) any purchase or redemption of Subordinated Obligations from Net Available Cash to the extent permitted by Section 4.06; provided, however, that such purchase or redemption shall be excluded from the calculation of the amount of Restricted Payments;

(v) upon the occurrence of a Change of Control and within 60 days after the completion of the offer to repurchase the Notes pursuant to Section 4.08 (including the purchase of the Notes tendered), any purchase or redemption of Subordinated Obligations required pursuant to the terms thereof as a result of such Change of Control at a purchase or redemption price not to exceed the outstanding principal amount thereof, plus any accrued and unpaid interest; provided, however, that (1) at the time of such purchase, no Default or Event of Default shall have occurred and be continuing (or would result therefrom), (2) the Company would be able to Incur at least $1.00 of additional Indebtedness under Section 4.03 (a) above after giving pro forma effect to such Restricted Payment and (3) such purchase or redemption will be included in the calculation of the amount of Restricted Payments;

(vi) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with Section 4.04(a); provided, however, that such dividend shall be included in the calculation of the amount of Restricted Payments (without duplication for declaration);

(vii) the repurchase, redemption or other acquisition or retirement for value of Capital Stock of the Company or any of its Subsidiaries from employees, former employees, directors or former directors of the Company or any of its Subsidiaries (or permitted transferees of such employees, former employees, directors or former directors), pursuant to the terms of the agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell or are granted the option to purchase or sell, shares of such Capital Stock; provided, however, that the aggregate amount of such repurchases shall not exceed $2 million in any calendar year; provided further, however, that such repurchases, redemptions and other acquisitions or retirements for value shall be excluded from the calculation of the amount of Restricted Payments;

(viii) the declaration and payment of any dividend (or the making of any similar distribution or redemption) to the holders of any class or series of Disqualified Stock of the Company, or SCI LLC or a Note Guarantor issued or Incurred after the Closing Date in accordance with Section 4.03; provided that no Default or Event of Default shall have occurred and be continuing immediately after making such declaration or payment; and provided, further, that such payment will be excluded from the calculation of the amount of Restricted Payments; and provided, further, that under no circumstances shall this clause (viii) allow the payment of any dividend (or the making of any similar distribution or redemption) to the holders of any SCG Holding Preferred Stock;

(ix) cash payments in lieu of fractional shares issuable as dividends on Preferred Stock of the Company or any of its Restricted Subsidiaries; provided that such cash payments shall not exceed $20,000 in the aggregate in any twelve-month period and no Default or Event of Default shall have occurred and be continuing immediately after such cash payments; and provided, further, that such cash payments will be excluded from the calculation of the amount of Restricted Payments;

(x) the payments described as uses of funds in connection with the Transactions under the caption "Sources and Uses of Proceeds" in the Offering Memorandum; or

(xi) other Restricted Payments in an aggregate amount not to exceed $20 million.

SECTION 4.05. Limitation on Restrictions on Distributions from Restricted Subsidiaries. The Company shall not, and shall not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (a) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any of its Restricted Subsidiaries, (b) make any loans or advances to the Company or any of its Restricted Subsidiaries or (c) transfer any of its property or assets to the Company or any of its Restricted Subsidiaries, except:

(i) any encumbrance or restriction pursuant to applicable law, regulation, order or an agreement in effect at or entered into on the Closing Date;

(ii) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement relating to any Indebtedness Incurred by such Restricted Subsidiary prior to the date on which such Restricted Subsidiary was acquired by the Company (other than Indebtedness Incurred as consideration in, in contemplation of, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was otherwise acquired by the Company) and outstanding on such date;

(iii) any encumbrance or restriction pursuant to an agreement effecting a Refinancing of Indebtedness Incurred pursuant to an agreement referred to in clause (c) (i) or (c) (ii) of this Section 4.05 or this clause (iii) or contained in any amendment to an agreement referred to in clause (c)(i) or (c)(ii) of this Section 4.05 or this clause (iii); provided, however, that the encumbrances and restrictions contained in any agreement or amendment relating to such Refinancing are no less favorable to the Holders than the encumbrances and restrictions contained in the agreements relating to the Indebtedness so Refinanced;

(iv) any encumbrance or restriction (1) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract or (2) that is contained in security agreements securing Indebtedness of a Restricted Subsidiary to the extent such encumbrance or restriction restricts the transfer of the property subject to such security agreements;

(v) with respect to a Restricted Subsidiary, any restriction imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition;

(vi) contracts for the sale of assets containing customary restrictions with respect to a Subsidiary pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Subsidiary;

(vii) agreements for the sale of assets containing customary restrictions with respect to such assets;

(viii) restrictions relating to the common stock of Unrestricted Subsidiaries or Persons other than Subsidiaries;

(ix) encumbrances or restrictions existing under or by reason of provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements entered into in the ordinary course of business;

(x) encumbrances or restrictions existing under or by reason of restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and

(xi) any encumbrance or restriction existing under or by reason of a Receivables Facility or other contractual requirements of a Receivables Facility permitted pursuant to Section 4.03; provided that such restrictions apply only to such Receivables Facility.

SECTION 4.06. Limitation on Sales of Assets and Subsidiary Stock. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, make any Asset Disposition unless (i) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming sole responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the Fair Market Value of the shares and assets subject to such Asset Disposition, (ii) at least 80% of the consideration thereof received by the Company or such Restricted Subsidiary is in the form of cash, Temporary Cash Investments or other Qualified Proceeds (provided that the aggregate Fair Market Value of Qualified Proceeds (other than cash and Temporary Cash Investments) shall not exceed $10 million since the Closing Date) and (iii) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company (or such Restricted Subsidiary, as the case may be) (1) first, (A) to the extent the Company elects (or is required by the terms of any Indebtedness), to prepay, repay, redeem or purchase Senior Indebtedness of the Company or Indebtedness (other than any Disqualified Stock) of a Wholly Owned Subsidiary (in each case other than Indebtedness owed to the Company or an Affiliate of the Company and other than Preferred Stock) or (B) to the extent the Company or such Restricted Subsidiary elects, to acquire Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary), in each case, within one year from the later of such Asset Disposition or the receipt of such Net Available Cash; provided, however, that pending the final application of any such Net Available Cash under clause (1), the Company or such Restricted Subsidiary may temporarily reduce amounts available under revolving credit facilities or invest such Net Available Cash in Temporary Cash Investments; (2) second, to the extent of the balance of such Net Available Cash after application in accordance with clause (1), to make an Offer to purchase Notes pursuant to and subject to the conditions of Section 4.06(b); provided, however, that if the Company elects (or is required by the terms of any Senior Subordinated Indebtedness), such Offer may be made ratably to purchase the Notes and other Senior Subordinated Indebtedness of the Company, and (3) third, to the extent of the balance of such Net Available Cash after application in accordance with clauses (1) and (2), for general corporate purposes; provided, however, that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clause (1), (2) or (3) above, the Company

or such Restricted Subsidiary shall retire such Indebtedness and shall cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased. Notwithstanding the foregoing provisions of this Section 4.06, the Company and the Restricted Subsidiaries shall not be required to apply any Net Available Cash in accordance with this Section 4.06(a) except to the extent that the aggregate Net Available Cash from all Asset Dispositions that is not applied in accordance with this Section 4.06(a) exceeds $10 million.

For the purposes of clause (a)(ii) of this Section 4.06 only, the following are deemed to be cash: (A) the assumption of any liabilities (as shown on the Company's or a Restricted Subsidiary's most recent balance sheet) of the Company or any such Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability in connection with such Asset Disposition and (B) any securities or other obligations received by the Company or any Restricted Subsidiary from the transferee that are converted within 90 days of receipt by the Company or such Restricted Subsidiary into cash.

(b) In the event of an Asset Disposition that requires the purchase of Notes (and other Senior Subordinated Indebtedness) pursuant to Section 4.06(a)(iii)(3), the Company shall be required to purchase Notes (and other Senior Subordinated Indebtedness) tendered pursuant to an offer by the Company to Holders for the Notes (and other Senior Subordinated Indebtedness) (the "Offer") at a purchase price of 100% of their principal amount (without premium) plus accrued and unpaid interest and liquidated damages, if any (or, in respect of such other Senior Subordinated Indebtedness, such lesser price, if any, as may be provided for pursuant to the terms thereof), to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) in accordance with the procedures (including prorating in the event of oversubscription) set forth in Section 4.06(c). If the aggregate purchase price of Notes (and other Senior Subordinated Indebtedness) tendered pursuant to the Offer is less than the Net Available Cash allotted to the purchase of the Notes (and other Senior Subordinated Indebtedness), the Company shall apply the remaining Net Available Cash in accordance with Section 4.06(a)(iii)(3). The Company shall not be required to make an Offer for Notes (and other Senior Subordinated Indebtedness) pursuant to this Section 4.06 if the Net Available Cash available therefor (after application of the proceeds as provided in Section 4.06(a)(iii)(1) and Section 4.06(a)(iii)(2)) is less than $10 million for any particular Asset Disposition (which lesser amount shall be carried forward for purposes of determining whether an Offer is required with respect to the Net Available Cash from any subsequent Asset Disposition).

(c) (i) Promptly, and in any event within 10 days after the Company becomes obligated to make an Offer, the Company shall be obligated to deliver to the Trustee and send, by first-class mail to each Holder, a written notice stating that the Holder may elect to have his Notes purchased by the Company either in whole or in part (subject to prorating as hereinafter described in the event the Offer is oversubscribed) in integral multiples of $1,000 of principal amount, at the applicable purchase price. The notice shall specify a

purchase date not less than 30 days nor more than 60 days after the date of such notice (the "Purchase Date") and shall contain such information concerning the business of the Company which the Company in good faith believes will enable such Holders to make an informed decision (which at a minimum shall include (1) the most recently filed Annual Report on Form 10-K (including audited consolidated financial statements) of the Company, the most recent subsequently filed Quarterly Report on Form 10-Q and any Current Report on Form 8-K of the Company filed subsequent to such Quarterly Report, other than Current Reports describing Asset Dispositions otherwise described in the offering materials (or corresponding successor reports), (2) a description of material developments in the Company's business subsequent to the date of the latest of such reports, and (3) if material, appropriate pro forma financial information) and all instructions and materials necessary to tender Notes pursuant to the Offer, together with the address referred to in clause (iii).

(ii) Not later than the date upon which written notice of an Offer is delivered to the Trustee as provided above, the Company shall deliver to the Trustee an Officers' Certificate as to (1) the amount of the Offer (the "Offer Amount"), (2) the allocation of the Net Available Cash from the Asset Dispositions pursuant to which such Offer is being made and (3) the compliance of such allocation with the provisions of Section 4.06(a). Not later than one Business Day before the Purchase Date, the Company shall also irrevocably deposit with the Trustee or with a paying agent (or, if the Company is acting as its own paying agent, segregate and hold in trust) an amount equal to the Offer Amount with written instructions for investment in Temporary Cash Investments and to be held for payment in accordance with the provisions of this Section. Upon the expiration of the period for which the Offer remains open (the "Offer Period"), the Company shall deliver to the Trustee for cancelation the Notes or portions thereof that have been properly tendered to and are to be accepted by the Company. The Trustee (or the Paying Agent, if not the Trustee) shall, on the date of purchase, mail or deliver payment to each tendering Holder in the amount of the purchase price. In the event that the Offer Amount delivered by the Company to the Trustee is greater than the purchase price of the Notes (and other Senior Subordinated Indebtedness) tendered, the Trustee shall deliver the excess to the Company immediately after the expiration of the Offer Period for application in accordance with this Section 4.06.

(iii) Holders electing to have a Note purchased shall be required to surrender the Note, with an appropriate form duly completed, to the Company at the address specified in the notice at least three Business Days prior to the Purchase Date. Holders shall be entitled to withdraw their election if the Trustee or the Company receives not later than one Business Day prior to the Purchase Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note or Notes which were delivered by the Holder for purchase and a statement that such Holder is withdrawing his election to have such Note or Notes purchased. If at the expiration of the Offer Period the aggregate principal amount of Notes and any other Senior Subordinated Indebtedness included in the Offer surrendered by holders thereof exceeds the Offer Amount, the Company shall select the Notes and other Senior Subordinated Indebtedness to be purchased on a pro rata

basis (with such adjustments as may be deemed appropriate by the Company so that only Notes and other Senior Subordinated Indebtedness in denominations of $1,000, or integral multiples thereof, shall be purchased). Holders whose Notes are purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered.

(iv) The Company shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this Section. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Section, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section by virtue thereof.

SECTION 4.07. Limitation on Transactions with Affiliates. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction (including, the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an "Affiliate Transaction") unless such Affiliate Transaction is on terms (i) that are no less favorable (other than in immaterial respects) to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained at the time of such transaction in comparable arm's-length dealings with a Person who is not such an Affiliate, (ii) that, in the event that such Affiliate Transaction involves an aggregate amount in excess of $5 million, (1) are set forth in writing and (2) have been approved by a majority of the members of the Board of Directors having no personal stake in such Affiliate Transaction and (iii) that, in the event that such Affiliate Transaction involves an amount in excess of $15 million, have been determined by a nationally recognized appraisal or investment banking firm to be fair, from a financial standpoint, to the Company and its Restricted Subsidiaries.

(b) The provisions of Section 4.07(a) shall not prohibit (i) any Restricted Payment permitted to be paid pursuant to Section 4.04, (ii) 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 plans approved by the Board of Directors, (iii) the grant of stock options or similar rights to officers, employees, consultants and directors of the Company pursuant to plans approved by the Board of Directors and the payment of amounts or the issuance of securities pursuant thereto, (iv) loans or advances to employees consistent with prudent business practice, but in any event not to exceed $5 million in the aggregate outstanding at any one time, (v) the payment of reasonable fees, compensation or employee benefit arrangements to and any indemnity provided for the benefit of directors, officers, consultants or employees of the Company or any Restricted Subsidiary in the ordinary course of business, (vi) any transaction between the Company and a Restricted Subsidiary or between Restricted Subsidiaries (SMP being deemed a Restricted Subsidiary solely for purposes of this clause (vi) so long as the Company continues to own, directly or indirectly, at least 40% of the Voting Stock of SMP),(viii) payment of fees and expenses to TPG Partners II, L.P. or its Affiliates in connection with the Transactions on the terms described in the Offering Memorandum,

(ix) the payment of management, consulting and advisory fees to TPG Partners II, L.P. or its Affiliates made pursuant to any financial advisory, financing, underwriting or placement agreement or in respect of other investment banking activities, including in connection with acquisitions or divestitures, in an amount not to exceed $2 million in any calendar year and any related out-of-pocket expenses, (x) the agreements to be entered into with Motorola or its Affiliates as part of the Transactions as in effect on the Closing Date and on the terms described in the Offering Memorandum or any amendment or modification thereto or replacement thereof so long as any such amendment, modification or replacement thereof is not more disadvantageous to the Holders in any material respect than the related agreement as in effect on the Closing Date, (xi) transactions with customers, suppliers, contractors, joint venture partners or purchasers or sellers of goods or services, in each case which are in the ordinary course of business (including pursuant to joint venture agreements) and otherwise in compliance with the terms of this Indenture, and which are fair to the Company or its Restricted Subsidiaries, as applicable, in the reasonable determination of the Board of Directors or the senior management of the Company or its Restricted Subsidiaries, as applicable or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party, or (xii) any transaction effected in connection with a Receivables Facility permitted under Section 4.03.

SECTION 4.08. Change of Control. (a) Upon a Change of Control, each Holder shall have the right to require that the Issuers repurchase all or any part (equal to $1,000 or an integral multiple thereof) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest and liquidated damages thereon, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), in accordance with the terms contemplated in Section 4.08(b); provided, however, that notwithstanding the occurrence of a Change of Control, the Issuers shall not be obligated to purchase the Notes pursuant to this Section 4.08 in the event that they have exercised their right to redeem all the Notes under paragraph 5 of the Notes. In the event that at the time of such Change of Control the terms of the Bank Indebtedness restrict or prohibit the repurchase of Notes pursuant to this Section 4.08, then prior to the mailing of the notice to Holders provided for in Section 4.08(b) below but in any event within 30 days following any Change of Control, SCI LLC shall (i) repay in full all Bank Indebtedness or offer to repay in full all Bank Indebtedness and repay the Bank Indebtedness of each lender who has accepted such offer or (ii) obtain the requisite consent under the agreements governing the Bank Indebtedness to permit the repurchase of the Notes as provided for in Section 4.08(b).

(b) Within 30 days following any Change of Control (except as provided in the proviso to the first sentence of Section 4.08(a)), the Issuers shall mail a notice to each Holder with a copy to the Trustee (the "Change of Control Offer") stating:

(i) that a Change of Control has occurred and that such Holder has the right to require the Issuers to purchase all or a portion (equal to $1,000 or an integral multiple thereof) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest and liquidated

damages, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date);

(ii) the circumstances and relevant facts and financial information regarding such Change of Control;

(iii) the repurchase date (which shall be no earlier than 30 days (or such shorter time period as may be permitted under applicable laws, rules and regulations) nor later than 60 days from the date such notice is mailed); and

(iv) the instructions determined by the Issuers, consistent with this Section, that a Holder must follow in order to have its Notes purchased.

(c) Holders electing to have a Note purchased shall be required to surrender the Note, with an appropriate form duly completed, to the Company at the address specified in the notice at least three Business Days prior to the purchase date. Holders shall be entitled to withdraw their election if the Trustee or the Company receives not later than one Business Day prior to the purchase date a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note which was delivered for purchase by the Holder and a statement that such Holder is withdrawing his election to have such Note purchased. Holders whose Notes are purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered.

(d) On the purchase date, all Notes purchased by the Company under this Section shall be delivered to the Trustee for cancelation, and the Company shall pay the purchase price plus accrued and unpaid interest, if any, to the Holders entitled thereto.

(e) Notwithstanding the foregoing provisions of this Section, the Issuers will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in Section 4.08(b) applicable to a Change of Control Offer made by the Issuers and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

(f) In connection with any Change of Control Offer, the Company shall deliver to the Trustee an Officers' Certificate stating that all conditions precedent contained herein to the right of the Company to make such offer have been complied with.

(g) The Issuers shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this Section. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Indenture relating to Change of Control Offers, the Issuers shall comply with the applicable securities

laws and regulations and shall not be deemed to have breached its obligations under this Section by virtue thereof.

SECTION 4.09. Compliance Certificate. The Issuers shall deliver to the Trustee within 120 days after the end of each fiscal year of the Issuers an Officers' Certificate stating that in the course of the performance by the signers of their duties as Officers of the Issuers they would normally have knowledge of any Default and whether or not the signers know of any Default that occurred during such period. If they do, the certificate shall describe the Default, its status and what action the Issuers are taking or propose to take with respect thereto. The Issuers also shall comply with Section 314(a)(4) of the TIA.

SECTION 4.10. Further Instruments and Acts. Upon request of the Trustee, the Issuers shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 4.11. Future Note Guarantors. The Company shall cause (a) each Domestic Subsidiary and (b) each Foreign Subsidiary that enters into or has outstanding a Guarantee of any other Indebtedness of the Company or any Domestic Subsidiary, if the aggregate principal amount of Indebtedness of the Company and its Domestic Subsidiaries Guaranteed by all Foreign Subsidiaries exceeds $25 million, to become a Note Guarantor, and, if applicable, execute and deliver to the Trustee a supplemental indenture substantially in the form of Exhibit C pursuant to which such Restricted Subsidiary will Guarantee payment of the Notes. Each Note Guarantee shall be limited to an amount not to exceed the maximum amount that can be Guaranteed by that Restricted Subsidiary without rendering the Note Guarantee, as it relates to such Restricted Subsidiary, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

SECTION 4.12. Limitation on Lines of Business. The Company shall not, and shall not permit any Restricted Subsidiary (other than a Receivables Subsidiary) to, engage in any business, other than a Permitted Business.

SECTION 4.13. Limitation on the Sale or Issuance of Capital Stock of Restricted Subsidiaries. The Company shall not sell or otherwise dispose of any shares of Capital Stock of a Restricted Subsidiary, and shall not permit any Restricted Subsidiary, directly or indirectly, to issue or sell or otherwise dispose of any shares of its Capital Stock except: (a) to the Company or another Restricted Subsidiary; (b) if, immediately after giving effect to such issuance, sale or other disposition, neither the Company nor any of its Restricted Subsidiaries own any Capital Stock of such Restricted Subsidiary; (c) if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such Person remaining after giving effect thereto would have been permitted to be made under Section 4.04 if made on the date of such issuance, sale or other disposition; (d) directors' qualifying shares or shares

required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary; or (e) in the case of a Restricted Subsidiary other than a wholly owned Restricted Subsidiary, the issuance by that Restricted Subsidiary of Capital Stock on a pro rata basis to the Company and its Restricted Subsidiaries, on the one hand, and minority shareholders of the Restricted Subsidiary, on the other hand (or on less than a pro rata basis to any minority shareholder if the minority holder does not acquire its pro rata amount), so long as the Company or another Restricted Subsidiary owns and controls at least the same percentage of the Voting Stock of, and economic interest in, such Restricted Subsidiary as prior to such issuance. The cash proceeds of any sale of Capital Stock permitted under clauses (b) and (c) shall be treated as Net Available Cash from an Asset Disposition and shall be applied in accordance with Section 4.06.

Article 5

Successor Company

SECTION 5.01. When Company May Merge or Transfer Assets. (a) The Company and SCI LLC each shall not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(i) the resulting, surviving or transferee Person (the "Successor Company") shall be a corporation or, subject to the proviso below, a partnership or a limited liability company, in each case organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the Successor Company (if not the Company or SCI LLC, as the case may be) shall expressly assume, by a supplemental indenture hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company or SCI LLC, as the case may be under the Notes and this Indenture; provided, however, that at all times, at least one Issuer must be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia;

(ii) immediately after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any Restricted Subsidiary as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction), no Default shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction, the Successor Company would be able to Incur at least $1.00 of additional Indebtedness pursuant to Section 4.03(a); and

(iv) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture.

The Successor Company shall succeed to, and be substituted for, and may exercise every right and power of, the Company or SCI LLC, as the case may be, under this Indenture.

(b) The Company shall not permit any Note Guarantor to consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets to any Person unless: (i) in the case of any Note Guarantor which is a Domestic Subsidiary, the resulting, surviving or transferee Person will be a corporation, partnership or limited liability company organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, and such Person (if not such Note Guarantor) shall expressly assume, by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of such Note Guarantor under its Note Guarantee; (ii) immediately after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the resulting, surviving or transferee Person as a result of such transaction as having been Incurred by such Person at the time of such transaction), no Default shall have occurred and be continuing; and (iii) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture ; provided, however, that the foregoing shall not apply to any such consolidation or merger with or into, or conveyance, transfer or lease to, any Person if the resulting, surviving or transferee Person will not be a Subsidiary of the Company and the other terms of this Indenture, including Section 4.06 are complied with.

(c) Notwithstanding the foregoing, (i) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Company or SCI LLC; (ii) the Company may merge with an Affiliate incorporated or organized solely for the purpose of reincorporating or reorganizing the Company in another jurisdiction to realize tax or other benefits; (iii) nothing herein shall limit any conveyance, transfer or lease of assets between or among any of the Company, SCI LLC and the Note Guarantors; and (iv) clause (a)(iii) of this Section 5.01 shall not prohibit (1) a merger between the Company and a Person that owns all of the Capital Stock of the Company created solely for the purpose of holding the Capital Stock of the Company or (2) a merger between SCI LLC and a Person that owns all of the Capital Stock of SCI LLC created solely for the purpose of holding the Capital Stock of SCI LLC; provided, however, that the other terms of Section 5.01(a) are complied with.

Article 6

Defaults and Remedies

SECTION 6.01. Events of Default. An "Event of Default" occurs if:

(a) the Company, SCI LLC or any Note Guarantor defaults in any payment of interest on any Note or in any payment of liquidated damages with respect thereto,

whether or not such payment shall be prohibited by Article 10, and such default continues for a period of 30 days;

(b) the Company, SCI LLC or any Note Guarantor (i) defaults in the payment of the principal of any Note when the same becomes due and payable at its Stated Maturity, upon required redemption or repurchase, upon declaration or otherwise, whether or not such payment shall be prohibited by Article 10 or (ii) fails to redeem or purchase Notes when required pursuant to this Indenture or the Notes, whether or not such redemption or purchase shall be prohibited by Article 10;

(c) the Company, SCI LLC or any Note Guarantor fails to comply with Section 5.01;

(d) the Company, SCI LLC or any Note Guarantor fails to comply with Section 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.11, 4.12 or 4.13 (other than a failure to purchase Notes when required under Section 4.06 or 4.08) and such failure continues for 30 days after the notice specified below;

(e) the Company, SCI LLC or any Note Guarantor fails to comply with any of its agreements in the Notes or this Indenture (other than those referred to in (a), (b), (c) or (d) above) and such failure continues for 60 days after the notice specified below;

(f) Indebtedness of the Company or any Restricted Subsidiary is not paid within any applicable grace period after final maturity or the acceleration by the holders thereof because of a default and the total amount of such Indebtedness unpaid or accelerated exceeds $25 million or its foreign currency equivalent at the time and such failure continues for 10 days after the notice specified below;

(g) the Company, SCI LLC or any other Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(i) commences a voluntary case;

(ii) consents to the entry of an order for relief against it in an involuntary case;

(iii) consents to the appointment of a Custodian of it or for any substantial part of its property; or

(iv) makes a general assignment for the benefit of its creditors; or takes any comparable action under any foreign laws relating to insolvency;

(h) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Company, SCI LLC or any other Significant Subsidiary in an involuntary case;

(ii) appoints a Custodian of the Company, SCI LLC or any other Significant Subsidiary or for any substantial part of its property; or

(iii) orders the winding up or liquidation of the Company, SCI LLC or any other Significant Subsidiary;

or any similar relief is granted under any foreign laws and the order or decree remains unstayed and in effect for 60 days;

(i) with respect to any judgment or decree for the payment of money in excess of $25 million or its foreign currency equivalent against the Company or any Restricted Subsidiary (i) an enforcement proceeding is commenced thereon by any creditor if such judgment or decree is final and nonappealable and the Company or such Restricted Subsidiary, as applicable, fails to stay such proceeding within 10 days thereafter or (ii) the Company or such Restricted Subsidiary, as applicable, fails to pay such judgment or decree, which judgment or decree has remained outstanding for a period of 60 days following the entry of such judgment or decree without being paid, discharged, waived or stayed; or

(j) any Note Guarantee of any Significant Subsidiary ceases to be in full force and effect (except as contemplated by the terms thereof) or any Significant Subsidiary that is a Note Guarantor or Person acting by or on behalf of such Significant Subsidiary denies or disaffirms such Significant Subsidiary's obligations under this Indenture or any Note Guarantee and such Default continues for 10 days after receipt of the notice specified in this Indenture.

The foregoing shall constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

The term "Bankruptcy Law" means Title 11, United States Code, or any similar Federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

A Default under clause (d), (e), (f) or (j) above is not an Event of Default until the Trustee notifies the Issuers or the Holders of at least 25% in principal amount of the outstanding Notes notify the Issuers and the Trustee of the Default and the Issuers or the relevant Note Guarantor, as applicable, do not cure such Default within the time specified

after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default".

The Issuers shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers' Certificate of any event which with the giving of notice or the lapse of time would become an Event of Default under clauses (c), (d), (e), (f), (i) or (j), its status and what action the Issuers are taking or propose to take with respect thereto.

SECTION 6.02. Acceleration. (a) If an Event of Default (other than an Event of Default specified in Section 6.01(g) or (h) with respect to the Company or SCI LLC) occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes, by notice to the Issuers, may declare the principal of and accrued but unpaid interest on all the Notes to be due and payable. Upon such a declaration, such principal and interest shall be due and payable immediately. If an Event of Default specified in Section 6.01(g) or (h) with respect to the Company or SCI LLC occurs, the principal of and interest on all the Notes shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. The Holders of a majority in principal amount of the Notes by notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of acceleration. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

(b) In the event of a declaration of acceleration of the Notes because an Event of Default has occurred and is continuing as a result of the acceleration of any Indebtedness described in Section 6.01(f), the declaration of acceleration of the Notes shall be automatically annulled if the holders of any such Indebtedness have rescinded the declaration of acceleration in respect of such Indebtedness within 30 days of the date of such acceleration and if (i) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (ii) all existing Events of Default, except nonpayment of principal or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

SECTION 6.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of or interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 6.04. Waiver of Past Defaults. The Holders of a majority in principal amount of the Notes by notice to the Trustee may waive on behalf of the Holders of all of the Notes an existing Default and its consequences except (a) a Default in the payment of the principal of or interest on a Note, (b) a Default arising from the failure to redeem or purchase any Note when required pursuant to the terms of this Indenture or (c) a Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Holder affected. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

SECTION 6.05. Control by Majority. The Holders of a majority in principal amount of the Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or, subject to Section 7.01, that the Trustee determines is unduly prejudicial to the rights of other Holders or would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

SECTION 6.06. Limitation on Suits. (a) Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Holder may pursue any remedy with respect to this Indenture or the Notes unless:

(i) the Holder gives to the Trustee written notice stating that an Event of Default is continuing;

(ii) the Holders of at least 25% in principal amount of the Notes make a written request to the Trustee to pursue the remedy;

(iii) such Holder or Holders offer to the Trustee reasonable security or indemnity against any loss, liability or expense;

(iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and

(v) the Holders of a majority in principal amount of the Notes do not give the Trustee a direction inconsistent with the request during such 60-day period.

(b) A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

SECTION 6.07. Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal

of and liquidated damages and interest on the Notes held by such Holder, on or after the respective due dates expressed or provided for in the Notes, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. Collection Suit by Trustee. If an Event of Default specified in Section 6.01(a) or (b) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Issuers or any other obligor on the Notes for the whole amount then due and owing (together with interest on overdue principal and (to the extent lawful) on any unpaid interest at the rate provided for in the Notes) and the amounts provided for in Section 7.07.

SECTION 6.09. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders allowed in any judicial proceedings relative to the Issuers, any Subsidiary or Note Guarantor, their creditors or their property and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.07.

SECTION 6.10. Priorities. If the Trustee collects any money or property pursuant to this Article 6, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 7.07;

SECOND: to holders of Senior Indebtedness of the Issuers to the extent required by Article 10 and to holders of Senior Indebtedness of the Note Guarantors to the extent required by Article 12;

THIRD: to Holders for amounts due and unpaid on the Notes for principal and interest, ratably, and any liquidated damages without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, any liquidated damages and interest, respectively; and

FOURTH: to the Issuers.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section. At least 15 days before such record date, the Trustee shall mail to each Holder and the Issuers a notice that states the record date, the payment date and amount to be paid.

SECTION 6.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in principal amount of the Notes.

SECTION 6.12. Waiver of Stay or Extension Laws. Neither the Issuers nor any Note Guarantor (to the extent it may lawfully do so) shall at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and each Issuer and each Note Guarantor (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

Article 7

Trustee

SECTION 7.01. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(iv) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuers.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the provisions of the TIA.

SECTION 7.02. Rights of Trustee. (a) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Trustee's conduct does not constitute wilful misconduct or negligence.

(e) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Notes shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture, note or other paper or document unless requested in writing to do so by the Holders of not less than a majority in principal amount of the Notes at the time outstanding, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuers, personally or by agent or attorney.

SECTION 7.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuers or their respective Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.04. Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, any Note Guarantee or the Notes, it shall not be accountable for the Issuers' use of the proceeds from the Notes, and it shall not be responsible for any statement of the Issuers or any Note Guarantor in this Indenture or in any document issued in connection with the sale of the Notes or in the Notes other than the Trustee's certificate of authentication. The Trustee shall not be charged with knowledge of any Default or Event of Default under Sections 6.01(c), (d), (e), (f), (i) or (j) or of the identity of any Significant Subsidiary unless either (a) a Trust Officer shall have actual knowledge thereof or (b) the Trustee shall have received notice thereof in accordance with Section 13.02 hereof from the Issuers, any Note Guarantor or any Holder.

SECTION 7.05. Notice of Defaults. If a Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Holder notice of the Default within the earlier of 90 days after it occurs or 30 days after it is known to a trust officer. Except in the case of a Default in payment of principal of or interest on any Note (including payments pursuant to the mandatory redemption provisions of such Note, if any), the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of Holders.

SECTION 7.06. Reports by Trustee to Holders. As promptly as practicable after each May 15th beginning with May 15, 2000, the Trustee shall mail to each Holder a brief report dated as of such May 15th that complies with Section 313(a) of the TIA if and to the extent required thereby. The Trustee shall also comply with Section 313(b) of the TIA.

A copy of each report at the time of its mailing to Holders shall be filed with the Commission and each stock exchange (if any) on which the Notes are listed. The Issuers agree to notify promptly the Trustee whenever the Notes become listed on any stock exchange and of any delisting thereof.

SECTION 7.07. Compensation and Indemnity. The Issuers shall pay to the Trustee from time to time reasonable compensation for its services hereunder as the Issuers and the Trustee shall from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuers shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. Each of the Issuers and each Note Guarantor, jointly and severally shall indemnify the Trustee against any and all loss, liability or expense (including reasonable attorneys' fees) incurred by or in connection with the administration of this trust and the performance of its duties hereunder. The Trustee shall notify the Issuers of any claim for which it may seek indemnity promptly upon obtaining actual knowledge thereof; provided, however, that any failure so to notify the Issuers shall not relieve the Issuers or any Note Guarantor of its indemnity obligations hereunder. The Issuers shall defend the claim and the Trustee shall provide reasonable cooperation at the Issuers' expense in the defense. The Trustee may have separate counsel and the Issuers and the Note Guarantors, as applicable, shall pay the fees and expenses of such counsel; provided, however, that the Issuers and the Note Guarantors shall not be required to pay such fees and expenses if it assumes the Trustee's defense and, in the reasonable judgment of the Trustee's outside counsel, there is no conflict of interest between the Issuers and the Note Guarantors, on the one hand, and the Trustee, on the other hand, in connection with such defense. The Issuers need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through its own wilful misconduct, negligence or bad faith.

To secure the Issuers' payment obligations in this Section, the Trustee shall have a lien prior to the Notes on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest and liquidated damages, if any, on particular Notes.

The Issuers' payment obligations pursuant to this Section shall survive the satisfaction or discharge of this Indenture, any rejection or termination of this Indenture under any bankruptcy law or the resignation or removal of the Trustee. Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee incurs expenses after the occurrence of a Default specified in Section 6.01(g) or (h) with respect to

the Issuers, the expenses are intended to constitute expenses of administration under the Bankruptcy Law.

SECTION 7.08. Replacement of Trustee. (a) The Trustee may resign at any time by so notifying the Issuers. The Holders of a majority in principal amount of the Notes may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee. The Issuers shall remove the Trustee if:

(i) the Trustee fails to comply with Section 7.10;

(ii) the Trustee is adjudged bankrupt or insolvent;

(iii) a receiver or other public officer takes charge of the Trustee or its property; or

(iv) the Trustee otherwise becomes incapable of acting.

(b) If the Trustee resigns, is removed by the Issuers or by the Holders of a majority in principal amount of the Notes and such Holders do not reasonably promptly appoint a successor Trustee, or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuers shall promptly appoint a successor Trustee.

(c) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuers. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of 10% in principal amount of the Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee fails to comply with Section 7.10, unless the Trustee's duty to resign is stayed as provided in TIA ss.310(b), any Holder who has been a bona fide holder of a Note for at least six months may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) Notwithstanding the replacement of the Trustee pursuant to this Section, the Issuers' obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

SECTION 7.09. Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 7.10. Eligibility; Disqualification. The Trustee shall at all times satisfy the requirements of TIA ss. 310(a). The Trustee shall have a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA ss. 310(b), subject to its right to apply for a stay of its duty to resign under the penultimate paragraph of TIA ss.310(b); provided, however, that there shall be excluded from the operation of TIA ss. 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Issuers are outstanding if the requirements for such exclusion set forth in TIA ss. 310(b)(1) are met.

SECTION 7.11. Preferential Collection of Claims Against the Issuers. The Trustee shall comply with TIA ss. 311(a), excluding any creditor relationship listed in TIA ss. 311(b). A Trustee who has resigned or been removed shall be subject to TIA ss. 311(a) to the extent indicated.

Article 8

Discharge of Indenture; Defeasance

SECTION 8.01. Discharge of Liability on Notes; Defeasance. (a) Subject to Section 8.01(c), when (i) all outstanding Notes (other than Notes replaced or paid pursuant to Section 2.07) have been canceled or delivered to the Trustee for cancelation or (ii) all outstanding Notes not previously delivered for cancelation have become due and payable, whether at maturity or as a result of the mailing of a notice of redemption pursuant to Article 3 hereof, and the Issuers irrevocably deposit with the Trustee funds in an amount sufficient or U.S. Government Obligations, the principal of and interest on which will be sufficient, or a combination thereof sufficient, in the written opinion of a nationally recognized firm of independent public accountants delivered to the Trustee (which delivery shall only be required if U.S. Government Obligations have been so deposited) to pay the principal of and interest on the outstanding Notes when due at maturity or upon redemption

of, including interest thereon to maturity or such redemption date (other than Notes replaced or paid pursuant to Section 2.07) and liquidated damages, if any, and if in either case the Issuers pay all other sums payable hereunder by the Issuers, then this Indenture shall, subject to Section 8.01(c), cease to be of further effect. The Trustee shall acknowledge satisfaction and discharge of this Indenture on demand of the Issuers accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Issuers.

(b) Subject to Sections 8.01(c) and 8.02, the Issuers at any time may terminate (i) all of their obligations under the Notes and this Indenture ("legal defeasance option") and (ii) their obligations under Sections 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.11, 4.12 or 4.13 and the operation of Section 5.01(a)(iii), 6.01(d), 6.01(f), 6.01(g) (with respect to Significant Subsidiaries of the Company only), 6.01(h) (with respect to Significant Subsidiaries of the Company only) and 6.01(i) ("covenant defeasance option"). The Issuers may exercise their legal defeasance option notwithstanding their prior exercise of their covenant defeasance option. In the event that the Issuers terminate all of their obligations under the Notes and this Indenture by exercising their legal defeasance option, the obligations under the Note Guarantees shall each be terminated simultaneously with the termination of such obligations.

If the Issuers exercise their legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default. If the Issuers exercise their covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in Section 6.01(d), 6.01(f), 6.01(g) (with respect to Significant Subsidiaries of the Company only), 6.01(h) (with respect to Significant Subsidiaries of the Company only) or 6.01(i) or because of the failure of the Company or SCI LLC to comply with Section 5.01(a)(iii).

Upon satisfaction of the conditions set forth herein and upon request of the Issuers, the Trustee shall acknowledge in writing the discharge of those obligations that the Issuers terminate.

(c) Notwithstanding the provisions of Sections 8.01(a) and 8.01(b), the Issuers' obligations in Sections 2.03, 2.04, 2.05, 2.06, 2.07, 2.08, 7.07, 7.08 and in this Article 8 shall survive until the Notes have been paid in full. Thereafter, the Issuers' obligations in Sections 7.07, 8.04 and 8.05 shall survive.

SECTION 8.02. Conditions to Defeasance. (a) The Issuers may exercise their legal defeasance option or their covenant defeasance option only if:

(i) the Issuers irrevocably deposit in trust with the Trustee money in an amount sufficient or U.S. Government Obligations, the principal of and interest on which will be sufficient, or a combination thereof sufficient, to pay the principal, premium (if any) and interest on the Notes when due at maturity or redemption, as the case may be, including interest thereon to maturity or such redemption date and liquidated damages, if any;

(ii) the Issuers deliver to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due and without reinvestment on the deposited U.S. Government Obligations plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal and interest when due on all the Notes to maturity or redemption, as the case may be;

(iii) 91 days pass after the deposit is made and during the 91-day period no Default specified in Section 6.01(g) or (h) with respect to the Issuers occurs which is continuing at the end of the period;

(iv) the deposit does not constitute a default under any other agreement binding on the Issuers and is not prohibited by Article 10;

(v) the Issuers deliver to the Trustee an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940;

(vi) in the case of the legal defeasance option, the Issuers shall have delivered to the Trustee an Opinion of Counsel stating that (1) the Issuers has received from, or there has been published by, the Internal Revenue Service a ruling, or (2) since the date of this Indenture there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;

(vii) in the case of the covenant defeasance option, the Issuers shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred; and

(viii) the Issuers deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance and discharge of the Notes as contemplated by this Article 8 have been complied with.

(b) Before or after a deposit, the Issuers may make arrangements satisfactory to the Trustee for the redemption of Notes at a future date in accordance with Article 3.

SECTION 8.03. Application of Trust Money. The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to this Article 8. It shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal of and interest on the Notes. Money and securities so held in trust are not subject to Article 10 or 12.

SECTION 8.04. Repayment to the Issuers. The Trustee and the Paying Agent shall promptly turn over to the Issuers upon request any money or U.S. Government Obligations held by it as provided in this Article which, in the written opinion of nationally recognized firm of independent public accountants delivered to the Trustee (which delivery shall only be required if U.S. Government Obligations have been so deposited), are in excess of the amount thereof which would then be required to be deposited to effect an equivalent discharge or defeasance in accordance with this Article.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Issuers upon written request any money held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, Holders entitled to the money must look to the Issuers for payment as general creditors and the Trustee, and the Paying Agent shall have no further liability with respect to such monies.

SECTION 8.05. Indemnity for Government Obligations. The Issuers shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or the principal and interest received on such U.S. Government Obligations.

SECTION 8.06. Reinstatement. If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with this Article 8 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuers' obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to this Article 8 until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with this Article 8; provided, however, that, if the Issuers have made any payment of interest on or principal of any Notes because of the reinstatement of its obligations, the Issuers shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

Article 9

Amendments

SECTION 9.01. Without Consent of Holders. (a) The Issuers, the Note Guarantors and the Trustee may amend this Indenture or the Notes without notice to or consent of any Holder:

(i) to cure any ambiguity, omission, defect or inconsistency;

(ii) to comply with Article 5;

(iii) to provide for uncertificated Notes in addition to or in place of certificated Notes; provided, however, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code;

(iv) to make any change in Article 10 or Article 12 that would limit or terminate the benefits available to any holder of Senior Indebtedness of the Issuers (or Representatives therefor) under Article 10 or Article 12;

(v) to add additional Note Guarantees with respect to the Notes;

(vi) to secure the Notes;

(vii) to add to the covenants of the Issuers for the benefit of the Holders or to surrender any right or power herein conferred upon the Issuers;

(viii) to comply with any requirement of the Commission in connection with qualifying, or maintaining the qualification of, this Indenture under the TIA;

(ix) to make any change that does not adversely affect the rights of any Holder; or

(x) to provide for the issuance of the Exchange Notes or Private Exchange Notes, which shall have terms substantially identical in all material respects to the Initial Notes (except that the transfer restrictions contained in the Initial Notes shall be modified or eliminated, as appropriate), and which shall be treated, together with any outstanding Initial Notes, as a single issue of securities.

(b) An amendment under this Section 9.01 may not make any change that adversely affects the rights under Article 10 or Article 12 of any holder of Senior

Indebtedness of either Issuer then outstanding unless the holders of such Senior Indebtedness (or any group or representative thereof authorized to give a consent) consent to such change.

After an amendment under this Section becomes effective, the Issuers shall mail to Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 9.01.

SECTION 9.02. With Consent of Holders. (a) The Issuers, the Note Guarantors and the Trustee may amend this Indenture or the Notes without notice to any Holder but with the written consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange for the Notes). However, without the consent of each Holder affected, an amendment may not:

(i) reduce the amount of Notes whose Holders must consent to an amendment;

(ii) reduce the rate of or extend the time for payment of interest or any liquidated damages on any Note;

(iii) reduce the principal of or extend the Stated Maturity of any Note;

(iv) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed in accordance with Article 3;

(v) make any Note payable in money other than that stated in the Note;

(vi) make any change in Article 10 or Article 12 that adversely affects the rights of any Holder under Article 10 or Article 12;

(vii) impair the right of any Holder to receive payment of principal of, and interest or any liquidated damages on, such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes;

(viii) make any change in Section 6.04 or 6.07 or the second sentence of this Section 9.02; or

(ix) modify the Note Guarantees in any manner adverse to the Holders.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

An amendment under this Section 9.02 may not make any change that adversely affects the rights under Article 10 or Article 12 of any holder of Senior Indebtedness of either Issuer then outstanding unless the holders of such Senior Indebtedness (or any group or representative thereof authorized to give a consent) consent to such change.

After an amendment under this Section 9.02 becomes effective, the Issuers shall mail to Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 9.02.

SECTION 9.03. Compliance with Trust Indenture Act. Every amendment to this Indenture or the Notes shall comply with the TIA as then in effect.

SECTION 9.04. Revocation and Effect of Consents and Waivers. (a) A consent to an amendment or a waiver by a Holder of a Note shall bind the Holder and every subsequent Holder of that Note or portion of the Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent or waiver is not made on the Note. However, any such Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Note or portion of the Note if the Trustee receives the notice of revocation before the date on which the Trustee receives an Officers' Certificate from the Issuers certifying that the requisite number of consents have been received. After an amendment or waiver becomes effective, it shall bind every Holder. An amendment or waiver becomes effective upon the (i) receipt by the Issuers or the Trustee of the requisite number of consents, (ii) satisfaction of conditions to effectiveness as set forth in this Indenture and any indenture supplemental hereto containing such amendment or waiver and (iii) execution of such amendment or waiver (or supplemental indenture) by the Issuers and the Trustee.

(b) The Issuers may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

SECTION 9.05. Notation on or Exchange of Notes. If an amendment changes the terms of a Note, the Trustee may require the Holder of the Note to deliver it to the Trustee. The Trustee may place an appropriate notation on the Note regarding the changed terms and return it to the Holder. Alternatively, if the Issuers or the Trustee so determines, the Issuers in exchange for the Note shall issue and the Trustee shall authenticate a new Note that reflects the changed terms. Failure to make the appropriate notation or to issue a new Note shall not affect the validity of such amendment.

SECTION 9.06. Trustee to Sign Amendments. The Trustee shall sign any amendment authorized pursuant to this Article 9 if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such amendment the Trustee shall be entitled to receive indemnity reasonably satisfactory to it and to receive, and (subject to Section 7.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such amendment is authorized or permitted by this Indenture and that such amendment is the legal, valid and binding obligation of the Issuers and the Note Guarantors enforceable against them in accordance with its terms, subject to customary exceptions, and complies with the provisions hereof (including Section 9.03).

SECTION 9.07. Payment for Consent. Neither the Issuers nor any Affiliate of the Issuers shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid to all Holders that so consent, waive or agree to amend in the time frame set forth in solicitation documents relating to such consent, waiver or agreement.

Article 10

Subordination

SECTION 10.01. Agreement To Subordinate. The Issuers each agree, and each Holder by accepting a Note agrees, that the Indebtedness evidenced by the Notes is subordinated in right of payment, to the extent and in the manner provided in this Article 10, to the prior payment in full of all Senior Indebtedness of the Issuers and that the subordination is for the benefit of and enforceable by the holders of such Senior Indebtedness. The Notes shall in all respects rank pari passu in right of payment with all other Senior Subordinated Indebtedness of the Issuers and shall rank senior to all existing and future Subordinated Obligations of the Issuers; and only Indebtedness of the Issuers that is Senior Indebtedness of the Issuers shall rank senior to the Notes in accordance with the provisions set forth herein. For purposes of this Article 10, the Indebtedness evidenced by the Notes shall be deemed to include any liquidated damages payable pursuant to the provisions set forth in the Notes and the Registration Agreement. All provisions of this Article 10 shall be subject to Section 10.12.

SECTION 10.02. Liquidation, Dissolution, Bankruptcy. Upon any payment or distribution of the assets of the Company or SCI LLC to their respective creditors upon a total or partial liquidation or a total or partial dissolution of the Company or SCI LLC or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property or SCI LLC or its property:

(a) holders of Senior Indebtedness of the Company or SCI LLC, as the case may be, shall be entitled to receive payment in full of such Senior Indebtedness before Holders shall be entitled to receive any payment of principal of or interest on the Notes; and

(b) until the Senior Indebtedness of the Company or SCI LLC, as the case may be, is paid in full, any payment or distribution to which Holders would be entitled but for this Article 10 shall be made to holders of such Senior Indebtedness as their interests may appear, except that Holders may receive shares of stock and any debt securities that are subordinated to such Senior Indebtedness to at least the same extent as the Notes.

SECTION 10.03. Default on Senior Indebtedness. The Issuers may not pay the principal of, premium (if any) or interest or liquidated damages, if any, on the Notes, make any deposit pursuant to Section 8.01 or otherwise repurchase, redeem or otherwise retire any Notes (collectively, "pay the Notes") if (a) any Designated Senior Indebtedness of either of the Issuers is not paid when due or (b) any other default on such Designated Senior Indebtedness occurs and the maturity of such Designated Senior Indebtedness is accelerated in accordance with its terms unless, in either case, (i) the default has been cured or waived and any such acceleration has been rescinded or (ii) such Designated Senior Indebtedness has been paid in full; provided, however, that the Issuers may pay the Notes without regard to the foregoing if the Issuers and the Trustee receive written notice approving such payment from the Representative of such Designated Senior Indebtedness with respect to which either of the events set forth in clause (a) or (b) of this sentence has occurred and is continuing.

During the continuance of any default (other than a default described in clause (a) or (b) of the preceding sentence) with respect to any Designated Senior Indebtedness of either Issuer pursuant to which the maturity thereof may be accelerated immediately without further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods, the Issuers may not pay the Notes for a period (a "Payment Blockage Period") commencing upon the receipt by the Trustee (with a copy to the Issuers) of written notice (a "Blockage Notice") of such default from the Representative of such Designated Senior Indebtedness specifying an election to effect a Payment Blockage Period and ending 179 days thereafter (or earlier if such Payment Blockage Period is terminated (a) by written notice to the Trustee and the Issuers from the Person or Persons who gave such Blockage Notice, (b) by repayment in full of such Designated Senior Indebtedness or (c) because no default with respect to any Designated Senior Indebtedness is continuing). Notwithstanding the provisions described in the immediately preceding sentence (but subject to the provisions contained in the first sentence of this Section 10.03), the Issuers may resume payments on the Notes after the end of such Payment Blockage Period, unless the holders of such Designated Senior Indebtedness or the Representative of such holders shall have accelerated the maturity of such Designated Senior Indebtedness, and such Designated Senior Indebtedness has not been repaid in full.

Not more than one Blockage Notice may be given in any period of 360 consecutive days, irrespective of the number of defaults with respect to Designated Senior Indebtedness during such period; provided, however, that if any Blockage Notice within such 360-day period is given by or on behalf of any holders of Designated Senior Indebtedness

other than the Bank Indebtedness, the Representative of the Bank Indebtedness may give another Blockage Notice within such period; provided further, however, that in no event may the total number of days during which any Payment Blockage Period or Periods is in effect exceed 179 days in the aggregate during any period of 360 consecutive days. For purposes of this Section 10.03, no default or event of default that existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Indebtedness initiating such Payment Blockage Period shall be, or be made, the basis of the commencement of a subsequent Payment Blockage Period by the Representative of such Designated Senior Indebtedness, whether or not within a period of 360 consecutive days, unless such default or event of default shall have been cured or waived for a period of not less than 90 consecutive days.

SECTION 10.04. Acceleration of Payment of Notes. If payment of the Notes is accelerated because of an Event of Default, the Trustee (provided, that the Trustee shall have received written notice from the Issuers or a Representative identifying the Designated Senior Indebtedness for which such Representative is so designated, on which notice the Trustee shall be entitled to rely conclusively) shall promptly notify the holders of each Issuer's Designated Senior Indebtedness (or their Representative) of the acceleration. If any such Designated Senior Indebtedness of the Issuers is outstanding, the Issuers may not pay the Notes until five Business Days after such holders or the Representative of such Designated Senior Indebtedness receive notice of such acceleration and, thereafter, may pay the Notes only if this Article 10 otherwise permits payment at that time.

SECTION 10.05. When Distribution Must Be Paid Over. If a payment or distribution is made to Holders that because of this Article 10 should not have been made to them, the Holders who receive the payment or distribution shall hold it in trust for holders of Senior Indebtedness of the Issuers and pay it over to them as their interests may appear.

SECTION 10.06. Subrogation. After all Senior Indebtedness of the Issuers is paid in full and until the Notes are paid in full, Holders shall be subrogated to the rights of holders of such Senior Indebtedness to receive distributions applicable to Senior Indebtedness. A distribution made under this Article 10 to holders of such Senior Indebtedness which otherwise would have been made to Holders is not, as between the Issuers and Holders, a payment by the Issuers on such Senior Indebtedness.

SECTION 10.07. Relative Rights. This Article 10 defines the relative rights of Holders and holders of Senior Indebtedness of the Issuers. Nothing in this Indenture shall:

(a) impair, as between the Issuers and Holders, the obligation of the Issuers, which is absolute and unconditional, to pay principal of and interest on and liquidated damages, if any, in respect of, the Notes in accordance with their terms; or

(b) prevent the Trustee or any Holder from exercising its available remedies upon a Default, subject to the rights of holders of Senior Indebtedness of the Issuers to receive distributions otherwise payable to Holders.

SECTION 10.08. Subordination May Not Be Impaired by Company. No right of any holder of Senior Indebtedness of the Issuers to enforce the subordination of the Indebtedness evidenced by the Notes shall be impaired by any act or failure to act by the Issuers or by their failure to comply with this Indenture.

SECTION 10.09. Rights of Trustee and Paying Agent. Notwithstanding Section 10.03, the Trustee or Paying Agent may continue to make payments on the Notes and shall not be charged with knowledge of the existence of facts that would prohibit the making of any such payments unless, not less than two Business Days prior to the date of such payment, a Trust Officer of the Trustee receives written notice satisfactory to it that payments may not be made under this Article 10. The Issuers, the Registrar, the Paying Agent, a Representative or a holder of Senior Indebtedness of the Issuers may give the notice; provided, however, that, if an issue of Senior Indebtedness of either Issuer has a Representative, only the Representative may give the notice.

The Trustee in its individual or any other capacity may hold Senior Indebtedness of the Issuers with the same rights it would have if it were not Trustee. The Registrar and the Paying Agent may do the same with like rights. The Trustee shall be entitled to all the rights set forth in this Article 10 with respect to any Senior Indebtedness of the Issuers which may at any time be held by it, to the same extent as any other holder of such Senior Indebtedness; and nothing in Article 7 shall deprive the Trustee of any of its rights as such holder. Nothing in this Article 10 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 7.07 or any other Section of this Indenture.

SECTION 10.10. Distribution or Notice to Representative. Whenever a distribution is to be made or a notice given to holders of Senior Indebtedness of the Issuers, the distribution may be made and the notice given to their Representative (if any).

SECTION 10.11. Article 10 Not To Prevent Events of Default or Limit Right To Accelerate. The failure to make a payment pursuant to the Notes by reason of any provision in this Article 10 shall not be construed as preventing the occurrence of a Default. Nothing in this Article 10 shall have any effect on the right of the Holders or the Trustee to accelerate the maturity of the Notes.

SECTION 10.12. Trust Monies Not Subordinated. Notwithstanding anything contained herein to the contrary, payments from money or the proceeds of U.S. Government Obligations held in trust under Article 8 by the Trustee for the payment of principal of and interest on the Notes and liquidated damages, if any, shall not be subordinated to the prior payment of any Senior Indebtedness of the Issuers or subject to the restrictions set forth in this Article 10, and none of the Holders shall be obligated to pay over

any such amount to the Issuers or any holder of Senior Indebtedness of the Issuers or any other creditor of the Issuers.

SECTION 10.13. Trustee Entitled To Rely. Upon any payment or distribution pursuant to this Article 10, the Trustee and the Holders shall be entitled to rely (a) upon any order or decree of a court of competent jurisdiction in which any proceedings of the nature referred to in Section 10.02 are pending, (b) upon a certificate of the liquidating trustee or agent or other Person making such payment or distribution to the Trustee or to the Holders or (c) upon the Representatives for the holders of Senior Indebtedness of the Issuers for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of such Senior Indebtedness and other Indebtedness of the Issuers, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10. In the event that the Trustee determines, in good faith, that evidence is required with respect to the right of any Person as a holder of Senior Indebtedness of the Issuers to participate in any payment or distribution pursuant to this Article 10, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of such Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and other facts pertinent to the rights of such Person under this Article 10, and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment. The provisions of Sections 7.01 and 7.02 shall be applicable to all actions or omissions of actions by the Trustee pursuant to this Article 10.

SECTION 10.14. Trustee To Effectuate Subordination. Each Holder by accepting a Note authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination between the Holders and the holders of Senior Indebtedness of the Issuers as provided in this Article 10 and appoints the Trustee as attorney-in-fact for any and all such purposes.

SECTION 10.15. Trustee Not Fiduciary for Holders of Senior Indebtedness. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness of the Issuers and shall not be liable to any such holders if it shall mistakenly pay over or distribute to Holders or the Issuers or any other Person, money or assets to which any holders of Senior Indebtedness of the Issuers shall be entitled by virtue of this Article 10 or otherwise.

SECTION 10.16. Reliance by Holders of Senior Indebtedness on Subordination Provisions. Each Holder by accepting a Note acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Senior Indebtedness of the Issuers, whether such Senior Indebtedness was created or acquired before or after the issuance of the Notes, to acquire and continue to hold, or to continue to hold, such Senior Indebtedness and such holder of such Senior Indebtedness shall be deemed conclusively to have relied on such subordination

provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Indebtedness.

Article 11

Note Guarantees

SECTION 11.01. Note Guarantees. (a) Each Note Guarantor hereby jointly and severally irrevocably and unconditionally Guarantees, as a primary obligor and not merely as a surety, to each Holder and to the Trustee and its successors and assigns the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Issuers under this Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, interest on or liquidated damages, if any, in respect of the Notes and all other monetary obligations of the Issuers under this Indenture and the Notes, whether for fees, expenses, indemnification or otherwise (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each Note Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from each such Note Guarantor, and that each such Note Guarantor shall remain bound under this Article 11 notwithstanding any extension or renewal of any Guaranteed Obligation.

(b) Each Note Guarantor waives presentation to, demand of payment from and protest to the Issuers of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. Each Note Guarantor waives notice of any default under the Notes or the Guaranteed Obligations. The obligations of each Note Guarantor hereunder shall not be affected by (i) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Issuers or any other Person under this Indenture, the Notes or any other agreement or otherwise; (ii) any extension or renewal of any thereof; (iii) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (iv) the release of any security held by any Holder or the Trustee for the Guaranteed Obligations or any of them; (v) the failure of any Holder or Trustee to exercise any right or remedy against any other Note Guarantor; or (vi) any change in the ownership of such Note Guarantor, except as provided in Section 11.02(b).

(c) Each Note Guarantor hereby waives any right to which it may be entitled to have its obligations hereunder divided among the Note Guarantors, such that such Note Guarantor's obligations would be less than the full amount claimed. Each Note Guarantor hereby waives any right to which it may be entitled to have the assets of the Issuers first be used and depleted as payment of the Issuers' or such Note Guarantor's obligations hereunder prior to any amounts being claimed from or paid by such Note Guarantor hereunder. Each Note Guarantor hereby waives any right to which it may be entitled to require that the Issuers be sued prior to an action being initiated against such Note Guarantor.

(d) Each Note Guarantor further agrees that its Note Guarantee herein constitutes a guarantee of payment when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranteed Obligations.

(e) The Note Guarantee of each Note Guarantor is, to the extent and in the manner set forth in Article 12, subordinated and subject in right of payment to the prior payment in full of the principal of and premium, if any, and interest on all Senior Indebtedness of the relevant Note Guarantor and is made subject to such provisions of this Indenture.

(f) Except as expressly set forth in Sections 8.01(b), 11.02 and 11.06, the obligations of each Note Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than payment of the Guaranteed Obligations in full), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Note Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, wilful or otherwise, in the performance of the Guaranteed Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Note Guarantor or would otherwise operate as a discharge of any Note Guarantor as a matter of law or equity.

(g) Each Note Guarantor agrees that its Note Guarantee shall remain in full force and effect until payment in full of all the Guaranteed Obligations. Each Note Guarantor further agrees that its Note Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Issuers or otherwise.

(h) In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Note Guarantor by virtue hereof, upon the failure of the Issuers to pay the Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, each Note Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of (i) the unpaid amount of such Guaranteed Obligations and (ii) accrued and unpaid interest on such Guaranteed Obligations then due and owing (but only to the extent not prohibited by law).

(i) Each Note Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any Guaranteed Obligations guaranteed hereby until payment in full of all Guaranteed Obligations and all obligations to which the Guaranteed Obligations are subordinated as provided in Article 12. Each Note Guarantor further agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (i) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article 6 for the purposes of any Note Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article 6, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Note Guarantor for the purposes of this Section 11.01.

(j) Each Note Guarantor also agrees to pay any and all costs and expenses (including reasonable attorneys' fees and expenses) incurred by the Trustee or any Holder in enforcing any rights under this Section 11.01.

(k) Upon request of the Trustee, each Note Guarantor shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 11.02. Limitation on Liability. (a) Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations guaranteed hereunder by any Note Guarantor shall not exceed the maximum amount that can be hereby guaranteed without rendering this Indenture, as it relates to such Note Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

(b) A Note Guarantee as to any Note Guarantor shall terminate and be of no further force or effect and such Note Guarantor shall be deemed to be released from all obligations under this Article 11 upon (i) the merger or consolidation of such Note Guarantor with or into any Person other than the Company or a Subsidiary or Affiliate of the Company where such Note Guarantor is not the surviving entity of such consolidation or merger, (ii) the sale by the Company or any Subsidiary of the Company of the Capital Stock of such Note Guarantor (or by any other Person as a result of a foreclosure of any Lien on such Capital Stock securing Senior Indebtedness), where, after such sale, such Note Guarantor is no longer a Subsidiary of the Company, (iii) the sale, conveyance or transfer of all or substantially all the assets of such Note Guarantor to another Person other than the Company or a Subsidiary or Affiliate of the Company; provided, however, that each such merger, consolidation, sale, conveyance or transfer shall comply with Sections 4.06 and 5.01. At the request of the Company, the Trustee shall execute and deliver an appropriate instrument evidencing such release (in the form provided by the Company). Notwithstanding the foregoing, if the Credit Agreement so requires, any Note Guarantor that has Guaranteed Indebtedness under the Credit Agreement and is being released from its Guarantee

thereunder will be simultaneously released from its Note Guarantee hereunder unless an Event of Default has occurred and is continuing.

SECTION 11.03. Successors and Assigns. This Article 11 shall be binding upon each Note Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Notes shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

SECTION 11.04. No Waiver. Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article 11 shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article 11 at law, in equity, by statute or otherwise.

SECTION 11.05. Modification. No modification, amendment or waiver of any provision of this Article 11, nor the consent to any departure by any Note Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Note Guarantor in any case shall entitle such Note Guarantor to any other or further notice or demand in the same, similar or other circumstances.

SECTION 11.06. Execution of Supplemental Indenture for Future Note Guarantors. Each Subsidiary which is required to become a Note Guarantor pursuant to Section 4.11 shall promptly execute and deliver to the Trustee a supplemental indenture in the form of Exhibit C hereto pursuant to which such Subsidiary shall become a Note Guarantor under this Article 11 and shall guarantee the Guaranteed Obligations. Concurrently with the execution and delivery of such supplemental indenture, the Issuers shall deliver to the Trustee an Opinion of Counsel and an Officers' Certificate to the effect that such supplemental indenture has been duly authorized, executed and delivered by such Subsidiary and that, subject to the application of bankruptcy, insolvency, moratorium, fraudulent conveyance or transfer and other similar laws relating to creditors' rights generally and to the principles of equity, whether considered in a proceeding at law or in equity, the Note Guarantee of such Note Guarantor is a legal, valid and binding obligation of such Note Guarantor, enforceable against such Note Guarantor in accordance with its terms and or to such other matters as the Trustee may reasonably request.

SECTION 11.07. Non-Impairment. The failure to endorse a Note Guarantee on any Note shall not affect or impair the validity thereof.

Article 12

Subordination of the Note Guarantees

SECTION 12.01. Agreement To Subordinate. Each Note Guarantor agrees, and each Holder by accepting a Note agrees, that the obligations of a Note Guarantor hereunder are subordinated in right of payment, to the extent and in the manner provided in this Article 12, to the prior payment in full of all Senior Indebtedness of such Note Guarantor and that the subordination is for the benefit of and enforceable by the holders of such Senior Indebtedness of such Note Guarantor. The obligations hereunder with respect to a Note Guarantor shall in all respects rank pari passu in right of payment with all other Senior Subordinated Indebtedness of such Note Guarantor and shall rank senior to all existing and future Subordinated Obligations of such Note Guarantor; and only Indebtedness of such Note Guarantor that is Senior Indebtedness of such Note Guarantor shall rank senior to the obligations of such Note Guarantor in accordance with the provisions set forth herein.

SECTION 12.02. Liquidation, Dissolution, Bankruptcy. Upon any payment or distribution of the assets of a Note Guarantor to creditors upon a total or partial liquidation or a total or partial dissolution of such Note Guarantor or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to such Note Guarantor and its property:

(a) holders of Senior Indebtedness of such Note Guarantor shall be entitled to receive payment in full of such Senior Indebtedness before Holders shall be entitled to receive any payment pursuant to any Guaranteed Obligations from such Note Guarantor; and

(b) until the Senior Indebtedness of such Note Guarantor is paid in full, any payment or distribution to which Holders would be entitled but for this Article 12 shall be made to holders of such Senior Indebtedness as their respective interests may appear, except that Holders may receive shares of stock and any debt securities that are subordinated to such Senior Indebtedness to at least the same extent as the Note Guarantees.

SECTION 12.03. Default on Designated Senior Indebtedness of a Note Guarantor. A Note Guarantor may not make any payment pursuant to any of the Guaranteed Obligations or repurchase, redeem or otherwise retire any Notes (collectively, "pay its Guarantee") if (a) any Designated Senior Indebtedness of such Note Guarantor is not paid when due or (b) any other default on Designated Senior Indebtedness of such Note Guarantor occurs and the maturity of such Designated Senior Indebtedness is accelerated in accordance with its terms unless, in either case, (i) the default has been cured or waived and any such acceleration has been rescinded or (ii) such Designated Senior Indebtedness has been paid in full; provided, however, that such Note Guarantor may pay its Guarantee without regard to the foregoing if such Note Guarantor and the Trustee receive written notice approving such payment from the Representative of the holders of such Designated Senior Indebtedness with respect to which either of the events in clause (a) or (b) of this sentence has occurred and is continuing.

During the continuance of any default (other than a default described in clause (a) or (b) of the preceding sentence) with respect to any Designated Senior Indebtedness of a Note Guarantor pursuant to which the maturity thereof may be accelerated immediately without further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods, such Note Guarantor may not pay its Guarantee for a period (a "Guarantee Payment Blockage Period") commencing upon the receipt by the Trustee (with a copy to such Note Guarantor and the Issuers) of written notice (a "Guarantee Blockage Notice") of such default from the Representative of the holders of the Designated Senior Indebtedness of such Note Guarantor specifying an election to effect a Guarantee Payment Blockage Period and ending 179 days thereafter (or earlier if such Guarantee Payment Blockage Period is terminated (a) by written notice to the Trustee (with a copy to such Note Guarantor and the Issuers) from the Person or Persons who gave such Guarantee Blockage Notice, (b) by repayment in full of such Designated Senior Indebtedness or (c) because no default with respect to any Designated Senior Indebtedness is continuing). Notwithstanding the provisions described in the immediately preceding sentence (but subject to the provisions contained in the first sentence of this Section 12.03), such Note Guarantor may resume payments with respect to its Note Guarantee after the end of such Guarantee Payment Blockage Period, unless the holders of such Designated Senior Indebtedness or the Representative of such holders shall have accelerated the maturity of such Designated Senior Indebtedness and such Designated Senior Indebtedness has not been repaid in full.

Not more than one Guarantee Blockage Notice may be given with respect to a Note Guarantor in any period of 360 consecutive days, irrespective of the number of defaults with respect to Designated Senior Indebtedness of such Note Guarantor during such period; provided, however, that if any Guarantee Blockage Notice within such 360-day period is given by or on behalf of any holders of Designated Senior Indebtedness of such Note Guarantor other than the Bank Indebtedness, the Representative of the Bank Indebtedness may give another Guarantee Blockage Notice within such period; provided further, however, that in no event may the total number of days during which any Guarantee Payment Blockage Period or Periods is in effect exceed 179 days in the aggregate during any period of 360 consecutive days. For purposes of this Section 12.03, no default or event of default that existed or was continuing on the date of the commencement of any Guarantee Payment Blockage Period with respect to the Designated Senior Indebtedness initiating such Guarantee Payment Blockage Period shall be, or be made, the basis of the commencement of a subsequent Guarantee Payment Blockage Period by the Representative of such Designated Senior Indebtedness, whether or not within a period of 360 consecutive days, unless such default or event of default shall have been cured or waived for a period of not less than 90 consecutive days.

SECTION 12.04. Demand for Payment. If payment of the Notes is accelerated because of an Event of Default and a demand for payment is made on a Note Guarantor pursuant to Article 11, the Trustee (provided that the Trustee shall have received written notice from the Issuers, such Note Guarantor or a Representative identifying such Designated Senior Indebtedness, on which notice the Trustee shall be entitled to rely conclusively) shall promptly notify the holders of the Designated Senior Indebtedness of such Note Guarantor (or the Representative of such holders) of such demand. If any

Designated Senior Indebtedness of such Note Guarantor is outstanding, such Note Guarantor may not pay its Guarantee until five Business Days after such holders or the Representative of the holders of the Designated Senior Indebtedness of such Note Guarantor receive notice of such demand and, thereafter, may pay its Guarantee only if this Article 12 otherwise permits payment at that time.

SECTION 12.05. When Distribution Must Be Paid Over. If a payment or distribution is made to Holders that because of this Article 12 should not have been made to them, the Holders who receive the payment or distribution shall hold such payment or distribution in trust for holders of the Senior Indebtedness of the relevant Note Guarantor and pay it over to them as their respective interests may appear.

SECTION 12.06. Subrogation. After all Senior Indebtedness of a Note Guarantor is paid in full and until the Notes are paid in full, Holders shall be subrogated to the rights of holders of Senior Indebtedness of such Note Guarantor to receive distributions applicable to Designated Senior Indebtedness of such Note Guarantor. A distribution made under this Article 12 to holders of Senior Indebtedness of such Note Guarantor which otherwise would have been made to Holders is not, as between such Note Guarantor and Holders, a payment by such Note Guarantor on Senior Indebtedness of such Note Guarantor.

SECTION 12.07. Relative Rights. This Article 12 defines the relative rights of Holders and holders of Senior Indebtedness of a Note Guarantor. Nothing in this Indenture shall:

(a) impair, as between a Note Guarantor and Holders, the obligation of a Note Guarantor which is absolute and unconditional, to make payments with respect to the Guaranteed Obligations to the extent set forth in Article 11; or

(b) prevent the Trustee or any Holder from exercising its available remedies upon a default by a Note Guarantor under its obligations with respect to the Guaranteed Obligations, subject to the rights of holders of Senior Indebtedness of such Note Guarantor to receive distributions otherwise payable to Holders.

SECTION 12.08. Subordination May Not Be Impaired by a Note Guarantor. No right of any holder of Senior Indebtedness of a Note Guarantor to enforce the subordination of the obligations of such Note Guarantor hereunder shall be impaired by any act or failure to act by such Note Guarantor or by its failure to comply with this Indenture.

SECTION 12.09. Rights of Trustee and Paying Agent. Notwithstanding Section 12.03, the Trustee or the Paying Agent may continue to make payments on the Notes and shall not be charged with knowledge of the existence of facts that would prohibit the making of any such payments unless, not less than two Business Days prior to the date of such payment, a Trust Officer of the Trustee receives written notice satisfactory to it that payments may not be made under this Article 12. A Note Guarantor, the Registrar or

co-registrar, the Paying Agent, a Representative or a holder of Senior Indebtedness of a Note Guarantor may give the notice; provided, however, that if an issue of Senior Indebtedness of a Note Guarantor has a Representative, only the Representative may give the notice.

The Trustee in its individual or any other capacity may hold Senior Indebtedness of a Note Guarantor with the same rights it would have if it were not Trustee. The Registrar and co-registrar and the Paying Agent may do the same with like rights. The Trustee shall be entitled to all the rights set forth in this Article 12 with respect to any Senior Indebtedness of a Note Guarantor which may at any time be held by it, to the same extent as any other holder of Senior Indebtedness of such Note Guarantor; and nothing in Article 7 shall deprive the Trustee of any of its rights as such holder. Nothing in this Article 12 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 7.07 or any other Section of this Indenture.

SECTION 12.10. Distribution or Notice to Representative. Whenever a distribution is to be made or a notice given to holders of Senior Indebtedness of a Note Guarantor, the distribution may be made and the notice given to their Representative (if any).

SECTION 12.11. Article 12 Not To Prevent Events of Default or Limit Right To Accelerate. The failure of a Note Guarantor to make a payment on any of the Guaranteed Obligations by reason of any provision in this Article 12 shall not be construed as preventing the occurrence of a default by such Note Guarantor under such obligations. Nothing in this Article 12 shall have any effect on the right of the Holders or the Trustee to make a demand for payment on a Note Guarantor pursuant to Article 11.

SECTION 12.12. Trustee Entitled To Rely. Upon any payment or distribution pursuant to this Article 12, the Trustee and the Holders shall be entitled to rely (a) upon any order or decree of a court of competent jurisdiction in which any proceedings of the nature referred to in Section 12.02 are pending, (b) upon a certificate of the liquidating trustee or agent or other Person making such payment or distribution to the Trustee or to the Holders or (c) upon the Representatives for the holders of Senior Indebtedness of a Note Guarantor for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of the Senior Indebtedness of a Note Guarantor and other Indebtedness of a Note Guarantor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 12. In the event that the Trustee determines, in good faith, that evidence is required with respect to the right of any Person as a holder of Senior Indebtedness of a Note Guarantor to participate in any payment or distribution pursuant to this Article 12, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness of such Note Guarantor held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and other facts pertinent to the rights of such Person under this Article 12, and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment. The provisions of Sections 7.01 and 7.02 shall be applicable to all actions or omissions of actions by the Trustee pursuant to this Article 12.

SECTION 12.13. Trustee To Effectuate Subordination. Each Holder by accepting a Note authorizes and directs the Trustee on his or her behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination between the Holders and the holders of Senior Indebtedness of each of the Note Guarantors as provided in this Article 12 and appoints the Trustee as attorney-in-fact for any and all such purposes.

SECTION 12.14. Trustee Not Fiduciary for Holders of Senior Indebtedness of a Note Guarantor. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness of a Note Guarantor and shall not be liable to any such holders if it shall mistakenly pay over or distribute to Holders or the relevant Note Guarantor or any other Person, money or assets to which any holders of Senior Indebtedness of such Note Guarantor shall be entitled by virtue of this Article 12 or otherwise.

SECTION 12.15. Reliance by Holders of Senior Indebtedness of a Note Guarantor on Subordination Provisions. Each Holder by accepting a Note acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Senior Indebtedness of a Note Guarantor, whether such Senior Indebtedness was created or acquired before or after the issuance of the Notes, to acquire and continue to hold, or to continue to hold, such Senior Indebtedness and such holder of Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Indebtedness.

SECTION 12.16. Defeasance. The terms of this Article 12 shall not apply to payments from money or the proceeds of U.S. Government Obligations held in trust by the Trustee for the payment of principal of and interest on the Notes pursuant to the provisions described in Section 8.03.

Article 13

Miscellaneous

SECTION 13.01. Trust Indenture Act Controls. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by, or with another provision (an "incorporated provision") included in this Indenture by operation of, TIA ss.ss. 310 to 318, inclusive, such imposed duties or incorporated provision shall control.

SECTION 13.02. Notices. Any notice or communication shall be in writing and delivered in person or mailed by first-class mail addressed as follows:

if to the Issuers:

c/o SCG Holding Corporation
5005 E. McDowell Road
Phoenix, AZ 85008

Attention of: President

if to the Trustee:

State Street Bank and Trust Company
Goodwin Square
225 Asylum Street
Hartford, CT 06103

Attention of: Steven Cimalore
Corporate Trust Administration

The Issuers or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Holder shall be mailed, first class mail, to the Holder at the Holder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 13.03. Communication by Holders with Other Holders. Holders may communicate pursuant to TIA ss. 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Issuers, the Trustee, the Registrar and anyone else shall have the protection of TIA ss. 312(c).

SECTION 13.04. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Issuers to the Trustee to take or refrain from taking any action under this Indenture (other than a request to authenticate the Initial Notes in accordance with this Indenture), the Issuers shall furnish to the Trustee:

(a) an Officers' Certificate in form reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel in form reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

SECTION 13.05. Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture (other than pursuant to Section 4.09) shall include:

(a) a statement that the individual making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

In giving such Opinion of Counsel, counsel may rely as to factual matters on an Officers' Certificate or on certificates of public officials.

SECTION 13.06. When Notes Disregarded. In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuers, any Note Guarantor or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuers or any Note Guarantor shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which the Trustee knows are so owned shall be so disregarded. Subject to the foregoing, only Notes outstanding at the time shall be considered in any such determination. Notwithstanding the foregoing, Notes that are to be acquired by the Issuers, any Note Guarantor or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuers or any Note Guarantor pursuant to an exchange offer, tender offer or other agreement shall not be deemed to be owned by such entity until legal title to such Notes passes to such entity.

SECTION 13.07. Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Holders. The Registrar and the Paying Agent may make reasonable rules for their functions.

SECTION 13.08. Legal Holidays. A "Legal Holiday" is a Saturday, a Sunday or other day on which banking institutions are not required by law or regulation to be open in the State of New York. If a payment date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

SECTION 13.09. GOVERNING LAW. THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE

WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

SECTION 13.10. No Recourse Against Others. Neither Motorola nor any director, officer, employee, stockholder or member, as such, of the Issuers, any of the Note Guarantors or Motorola, shall have any liability for any obligations of the Issuers or any of the Note Guarantors under the Notes or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Notes.

SECTION 13.11. Successors. All agreements of each of the Issuers and each Note Guarantor in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 13.12. Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

SECTION 13.13. Table of Contents; Headings. The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

SCG HOLDING CORPORATION,
SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC,
SCG (MALAYSIA SMP) HOLDING CORPORATION,
SCG (CZECH) HOLDING CORPORATION,
SCG (CHINA) HOLDING CORPORATION,
SEMICONDUCTOR COMPONENTS INDUSTRIES
PUERTO RICO, INC.
SCG INTERNATIONAL DEVELOPMENT LLC,

by /s/ George H. Cave

Name: George H. Cave
Title: Assistant Secretary

STATE STREET BANK AND TRUST COMPANY,

as Trustee

by /s/ Phillip G. Kane, Jr.

Name: Philip G. Kane, Jr.
Title: Vice President

APPENDIX A

PROVISIONS RELATING TO INITIAL NOTES,
PRIVATE EXCHANGE NOTES
AND EXCHANGE NOTES

1. Definitions

1.1 Definitions

For the purposes of this Appendix A the following terms shall have the meanings indicated below:

"Applicable Procedures" means, with respect to any transfer or transaction involving a Regulation S Global Note or beneficial interest therein, the rules and procedures of the Depositary for such Global Note, Euroclear and Cedel, in each case to the extent applicable to such transaction and as in effect from time to time.

"Cedel" means Cedel Bank, S.A., or any successor securities clearing agency.

"Definitive Note" means a certificated Initial Note, Private Exchange Note or Exchange Note (bearing the Restricted Notes Legend if the transfer of such Note is restricted by applicable law) that does not include the Global Notes Legend.

"Depositary" means The Depository Trust Company, its nominees and their respective successors.

"Euroclear" means the Euroclear Clearance System or any successor securities clearing agency.

"Global Notes Legend" means the legend set forth under that caption in Exhibit A to this Indenture.

"IAI" means an institutional "accredited investor" as described in Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

"Initial Purchasers" means Chase Securities Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers Inc.

"Notes Custodian" means the custodian with respect to a Global Note (as appointed by the Depositary) or any successor person thereto, who shall initially be the Trustee.

"Private Exchange" means an offer by the Issuers, pursuant to the Registration Agreement, to issue and deliver to certain purchasers, in exchange for the Initial Notes held

by such purchasers as part of their initial distribution, a like aggregate principal amount of Private Exchange Notes.

"Private Exchange Notes" means the Notes of the Issuers issued in exchange for Initial Notes pursuant to this Indenture in connection with the Private Exchange pursuant to the Registration Agreement.

"Purchase Agreement" means the Purchase Agreement dated August 4, 1999, among the Issuers, the Note Guarantors and the Initial Purchasers.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Registered Exchange Offer" means the offer by the Issuers, pursuant to the Registration Agreement, to certain Holders of Initial Notes, to issue and deliver to such Holders, in exchange for their Initial Notes, a like aggregate principal amount of Exchange Notes registered under the Securities Act.

"Registration Agreement" means the Exchange Offer and Registration Rights Agreement dated August 4, 1999, among the Issuers, the Note Guarantors and the Initial Purchasers.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Notes" means all Initial Notes offered and sold outside the United States in reliance on Regulation S.

"Restricted Notes Legend" means the legend set forth in Section 2.3(e)(i) herein.

"Restricted Period", with respect to any Notes, means the period of 40 consecutive days beginning on and including the later of (a) the day on which such Notes are first offered to persons other than distributors (as defined in Regulation S under the Securities Act) in reliance on Regulation S and (b) the Issue Date with respect to such Notes, which commencement date shall be notified by the Issuers to the Trustee.

"Rule 501" means Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

"Rule 144A" means Rule 144A under the Securities Act.

"Rule 144A Notes" means all Initial Notes offered and sold to QIBs in reliance on Rule 144A.

"Securities Act" means the Securities Act of 1933.

"Shelf Registration Statement" means a registration statement filed by the Issuers in connection with the offer and sale of Initial Notes pursuant to the Registration Agreement.

"Transfer Restricted Notes" means Definitive Notes and any other Notes that bear or are required to bear the Restricted Notes Legend.

1.2 Other Definitions

Term:	Defined in Section:
"Agent Members"	2.1(c)
"IAI Global Note"	2.1(b)
"Global Note"	2.1(b)
"Regulation S Global Note"	2.1(b)
"Rule 144A Global Note"	2.1(b)

2. The Notes

2.1 Form and Dating

(a) The Initial Notes issued on the date hereof are being (i) offered and sold by the Issuers pursuant to the Purchase Agreement and (ii) resold, initially only to (1) QIBs in reliance on Rule 144A and (2) Persons other than U.S. Persons (as defined in Regulation S) in reliance on Regulation S. Such Initial Notes may thereafter be transferred to, among others, QIBs, purchasers in reliance on Regulation S and, except as set forth below, IAIs in accordance with Rule 501.

(b) Global Notes. Rule 144A Notes shall be issued initially in the form of one or more permanent global Notes in definitive, fully registered form (collectively, the "Rule 144A Global Note") and Regulation S Notes shall be issued initially in the form of one or more global Notes (collectively, the "Regulation S Global Note"), in each case without interest coupons and bearing the Global Notes Legend and Restricted Notes Legend, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Notes Custodian, and registered in the name of the Depositary or a nominee of the Depositary, duly executed by the Issuers and authenticated by the Trustee as provided in this Indenture. One or more global securities in definitive, fully registered form without interest coupons and bearing the Global Notes Legend and the Restricted Notes Legend (collectively, the "IAI Global Note") shall also be issued on the Closing Date, deposited with the Notes Custodian, and registered in the name of the Depositary or a nominee of the Depositary, duly executed by the Issuers and authenticated by the Trustee as provided in this Indenture to accommodate transfers of beneficial interests in the Notes to IAIs subsequent to the initial distribution. Beneficial ownership interests in the Regulation S Global Note shall not be exchangeable for interests in the Rule 144A Global Note, the IAI Global Note or any other Note without a Restricted Notes Legend until the expiration of the Restricted Period. The Rule 144A Global Note, the IAI Global Note and the Regulation S Global Note are each referred to herein as a "Global Note" and are collectively referred to herein as "Global Notes", provided, that the term "Global Note" when used in Sections 2.1(b), 2.1(c), 2.3(g)(i), 2.3(h)(i) and 2.4 of this Appendix shall also include any Note in global form issued in connection with a Registered Exchange Offer or Private Exchange. The aggregate principal amount of the Global Notes may from time to time be increased or decreased by adjustments

made on the records of the Trustee and the Depositary or its nominee and on the schedules thereto as hereinafter provided.

(c) Book-Entry Provisions. This Section 2.1(c) shall apply only to a Global Note deposited with or on behalf of the Depositary.

The Issuers shall execute and the Trustee shall, in accordance with this Section 2.1(c) and Section 2.2 of this Appendix and pursuant to an order of the Issuers signed by two Officers of each Issuer, authenticate and deliver initially one or more Global Notes that (i) shall be registered in the name of the Depositary for such Global Note or Global Notes or the nominee of such Depositary and (ii) shall be delivered by the Trustee to such Depositary or pursuant to such Depositary's instructions or held by the Trustee as Notes Custodian.

Members of, or participants in, the Depositary ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depositary or by the Trustee as Notes Custodian or under such Global Note, and the Depositary may be treated by the Issuers, the Trustee and any agent of the Issuers or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuers, the Trustee or any agent of the Issuers or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and its Agent Members, the operation of customary practices of such Depositary governing the exercise of the rights of a holder of a beneficial interest in any Global Note.

(d) Definitive Notes. Except as provided in Section 2.3 or 2.4 of this Appendix, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of certificated Notes.

2.2 Authentication. The Trustee shall authenticate and make available for delivery upon a written order of the Issuers signed by two Officers of each Issuer (a) Initial Notes for original issue on the date hereof in an aggregate principal amount of $400,000,000 (b) the (i) Exchange Notes for issue only in a Registered Exchange Offer and (ii) Private Exchange Notes for issue only in the Private Exchange, in the case of each of (i) and (ii) pursuant to the Registration Agreement and for a like principal amount of Initial Notes exchanged pursuant thereto. Such order shall specify the amount of the Notes to be authenticated, the date on which the original issue of Notes is to be authenticated and whether the Notes are to be Initial Notes, Exchange Notes or Private Exchange Notes. The aggregate principal amount of Notes outstanding at any time may not exceed $400,000,000 except as provided in Sections 2.07 and 2.08 of this Indenture.

2.3 Transfer and Exchange. (a) Transfer and Exchange of Definitive Notes. When Definitive Notes are presented to the Registrar with a request:

(i) to register the transfer of such Definitive Notes; or

(ii) to exchange such Definitive Notes for an equal principal amount of Definitive Notes of other authorized denominations, the Registrar shall register the

transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Definitive Notes surrendered for transfer or exchange:

(1) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Issuers and the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing; and

(2) in the case of Transfer Restricted Notes, are accompanied by the following additional information and documents, as applicable:

(A) if such Definitive Notes are being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect (in the form set forth on the reverse side of the Initial Note); or

(B) if such Definitive Notes are being transferred to the Issuers, a certification to that effect (in the form set forth on the reverse side of the Initial Note); or

(C) if such Definitive Notes are being transferred pursuant to an exemption from registration in accordance with Rule 144 under the Securities Act or in reliance upon another exemption from the registration requirements of the Securities Act, (x) a certification to that effect (in the form set forth on the reverse side of the Initial Note) and (y) if the Issuers so request, an opinion of counsel or other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the legend set forth in Section 2.3(e)(i) of this Appendix.

(b) Restrictions on Transfer of a Definitive Note for a Beneficial Interest in a Global Note. A Definitive Note may not be exchanged for a beneficial interest in a Global Note except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Definitive Note, duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Issuers and the Registrar, together with:

(i) certification (in the form set forth on the reverse side of the Initial Note) that such Definitive Note is being transferred (1) to a QIB in accordance with Rule 144A, (2) to an IAI that has furnished to the Trustee a signed letter substantially in the form of Exhibit D or (3) outside the United States in an offshore transaction within the meaning of Regulation S and in compliance with Rule 904 under the Securities Act; and

(ii) written instructions directing the Trustee to make, or to direct the Notes Custodian to make, an adjustment on its books and records with respect to such Global Note to reflect an increase in the aggregate principal amount of the Notes represented by the Global Note, such instructions to contain information regarding the Depositary account to be credited with such increase, then the Trustee shall cancel such Definitive Note and cause, or direct the Notes Custodian to cause, in accordance

with the standing instructions and procedures existing between the Depositary and the Notes Custodian, the aggregate principal amount of Notes represented by the Global Note to be increased by the aggregate principal amount of the Definitive Note to be exchanged and shall credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Global Note equal to the principal amount of the Definitive Note so canceled. If no Global Notes are then outstanding and the Global Note has not been previously exchanged for certificated securities pursuant to Section 2.4 of this Appendix, the Issuers shall issue and the Trustee shall authenticate, upon written order of the Issuers in the form of an Officers' Certificate, a new Global Note in the appropriate principal amount.

(c) Transfer and Exchange of Global Notes. (i) The transfer and exchange of Global Notes or beneficial interests therein shall be effected through the Depositary, in accordance with this Indenture (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Depositary therefor. A transferor of a beneficial interest in a Global Note shall deliver a written order given in accordance with the Depositary's procedures containing information regarding the participant account of the Depositary to be credited with a beneficial interest in such Global Note or another Global Note and such account shall be credited in accordance with such order with a beneficial interest in the applicable Global Note and the account of the Person making the transfer shall be debited by an amount equal to the beneficial interest in the Global Note being transferred. Transfers by an owner of a beneficial interest in the Rule 144A Global Note or the IAI Global Note to a transferee who takes delivery of such interest through the Regulation S Global Note, whether before or after the expiration of the Restricted Period, shall be made only upon receipt by the Trustee of a certification in the form provided on the reverse of the Initial Notes from the transferor to the effect that such transfer is being made in accordance with Regulation S or (if available) Rule 144 under the Securities Act and that, if such transfer is being made prior to the expiration of the Restricted Period, the interest transferred shall be held immediately thereafter through Euroclear or Cedel. In the case of a transfer of a beneficial interest in either the Regulation S Global Note or the Rule 144A Global Note for an interest in the IAI Global Note, the transferee must furnish a signed letter substantially in the form of Exhibit D to the Trustee.

(ii) If the proposed transfer is a transfer of a beneficial interest in one Global Note to a beneficial interest in another Global Note, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Note to which such interest is being transferred in an amount equal to the principal amount of the interest to be so transferred, and the Registrar shall reflect on its books and records the date and a corresponding decrease in the principal amount of Global Note from which such interest is being transferred.

(iii) Notwithstanding any other provisions of this Appendix (other than the provisions set forth in Section 2.4 of this Appendix), a Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(iv) In the event that a Global Note is exchanged for Definitive Notes pursuant to Section 2.4 of this Appendix prior to the consummation of the Registered Exchange Offer or the effectiveness of the Shelf Registration Statement with respect to such Notes, such Notes may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 2.3 (including the certification requirements set forth on the reverse of the Initial Notes intended to ensure that such transfers comply with Rule 144A, Regulation S or such other applicable exemption from registration under the Securities Act, as the case may be) and such other procedures as may from time to time be adopted by the Issuers.

(d) Restrictions on Transfer of Regulation S Global Note. (i) Prior to the expiration of the Restricted Period, interests in the Regulation S Global Note may only be held through Euroclear or Cedel. During the Restricted Period, beneficial ownership interests in the Regulation S Global Note may only be sold, pledged or transferred through Euroclear or Cedel in accordance with the Applicable Procedures and only (1) to the Issuers, (2) so long as such security is eligible for resale pursuant to Rule 144A, to a person whom the selling holder reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (3) in an offshore transaction in accordance with Regulation S, (4) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if applicable) under the Securities Act, (5) to an IAI purchasing for its own account, or for the account of such an IAI, in a minimum principal amount of Notes of $250,000 or (6) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. Prior to the expiration of the Restricted Period, transfers by an owner of a beneficial interest in the Regulation S Global Note to a transferee who takes delivery of such interest through the Rule 144A Global Note or the IAI Global Note shall be made only in accordance with Applicable Procedures and upon receipt by the Trustee of a written certification from the transferor of the beneficial interest in the form provided on the reverse of the Initial Note to the effect that such transfer is being made to (1) a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or (2) an IAI purchasing for its own account, or for the account of such an IAI, in a minimum principal amount of the Notes of $250,000. Such written certification shall no longer be required after the expiration of the Restricted Period. In the case of a transfer of a beneficial interest in the Regulation S Global Note for an interest in the IAI Global Note, the transferee must furnish a signed letter substantially in the form of Exhibit D to the Trustee.

(ii) Upon the expiration of the Restricted Period, beneficial ownership interests in the Regulation S Global Note shall be transferable in accordance with applicable law and the other terms of this Indenture.

(e) Legend.

(i) Except as permitted by the following paragraphs (ii), (iii) or (iv), each Note certificate evidencing the Global Notes and the Definitive Notes (and all Notes issued in exchange therefor or in substitution thereof) shall bear a legend in

substantially the following form (each defined term in the legend being defined as such for purposes of the legend only):

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUERS OR ANY AFFILIATE OF THE ISSUERS WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE), ONLY (A) TO THE ISSUERS, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE NOTES OF $250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUERS' AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE."

Each Definitive Note shall bear the following additional legend:

"IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS."

(ii) Upon any sale or transfer of a Transfer Restricted Note that is a Definitive Note, the Registrar shall permit the Holder thereof to exchange such Transfer Restricted Note for a Definitive Note that does not bear the legends set forth above and rescind any restriction on the transfer of such Transfer Restricted Note if the Holder certifies in writing to the Registrar that its request for such exchange was made in reliance on Rule 144 (such certification to be in the form set forth on the reverse of the Initial Note).

(iii) After a transfer of any Initial Notes or Private Exchange Notes during the period of the effectiveness of a Shelf Registration Statement with respect to such Initial Notes or Private Exchange Notes, as the case may be, all requirements pertaining to the Restricted Notes Legend on such Initial Notes or such Private Exchange Notes shall cease to apply and the requirements that any such Initial Notes or such Private Exchange Notes be issued in global form shall continue to apply.

(iv) Upon the consummation of a Registered Exchange Offer with respect to the Initial Notes pursuant to which Holders of such Initial Notes are offered Exchange Notes in exchange for their Initial Notes, all requirements pertaining to Initial Notes that Initial Notes be issued in global form shall continue to apply, and Exchange Notes in global form without the Restricted Notes Legend shall be available to Holders that exchange such Initial Notes in such Registered Exchange Offer.

(v) Upon the consummation of a Private Exchange with respect to the Initial Notes pursuant to which Holders of such Initial Notes are offered Private Exchange Notes in exchange for their Initial Notes, all requirements pertaining to such Initial Notes that Initial Notes be issued in global form shall continue to apply, and Private Exchange Notes in global form with the Restricted Notes Legend shall be available to Holders that exchange such Initial Notes in such Private Exchange.

(vi) Upon a sale or transfer after the expiration of the Restricted Period of any Initial Note acquired pursuant to Regulation S, all requirements that such Initial Note bear the Restricted Notes Legend shall cease to apply and the requirements requiring any such Initial Note be issued in global form shall continue to apply.

(f) Cancellation or Adjustment of Global Note. At such time as all beneficial interests in a Global Note have either been exchanged for Definitive Notes, transferred, redeemed, repurchased or canceled, such Global Note shall be returned by the Depositary to the Trustee for cancelation or retained and canceled by the Trustee. At any time prior to such cancelation, if any beneficial interest in a Global Note is exchanged for Definitive Notes,

transferred in exchange for an interest in another Global Note, redeemed, repurchased or canceled, the principal amount of Notes represented by such Global Note shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Notes Custodian for such Global Note) with respect to such Global Note, by the Trustee or the Notes Custodian, to reflect such reduction.

(g) Obligations with Respect to Transfers and Exchanges of Notes.

(i) To permit registrations of transfers and exchanges, the Issuers shall execute and the Trustee shall authenticate, Definitive Notes and Global Notes at the Registrar's request.

(ii) No service charge shall be made for any registration of transfer or exchange, but the Issuers may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charge payable upon exchanges pursuant to Sections 3.06, 4.06 and 4.08 of this Indenture).

(iii) Prior to the due presentation for registration of transfer of any Note, the Issuers, the Trustee, the Paying Agent or the Registrar may deem and treat the person in whose name a Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Note and for all other purposes whatsoever, whether or not such Note is overdue, and none of the Issuers, the Trustee, the Paying Agent or the Registrar shall be affected by notice to the contrary.

(iv) All Notes issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Notes surrendered upon such transfer or exchange.

(h) No Obligation of the Trustee.

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a participant in the Depositary or any other Person with respect to the accuracy of the records of the Depositary or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depositary) of any notice (including any notice of redemption or repurchase) or the payment of any amount, under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders under the Notes shall be given or made only to the registered Holders (which shall be the Depositary or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through the Depositary subject to the applicable rules and procedures of the Depositary. The Trustee may rely and shall be fully protected in relying upon

information furnished by the Depositary with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depositary participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

2.4 Definitive Notes

(a) A Global Note deposited with the Depositary or with the Trustee as Notes Custodian pursuant to Section 2.1 or issued in connection with a Registered Exchange Offer or Private Exchange shall be transferred to the beneficial owners thereof in the form of Definitive Notes in an aggregate principal amount equal to the principal amount of such Global Note, in exchange for such Global Note, only if such transfer complies with Section 2.3 and (i) the Depositary notifies the Issuers that it is unwilling or unable to continue as a Depositary for such Global Note or if at any time the Depositary ceases to be a "clearing agency" registered under the Exchange Act, and a successor depositary is not appointed by the Issuers within 90 days of such notice or after the Issuers become aware of such cessation, or (ii) an Event of Default has occurred and is continuing or (iii) the Issuers, in their sole discretion, notifies the Trustee in writing that it elects to cause the issuance of certificated Notes under this Indenture.

(b) Any Global Note that is transferable to the beneficial owners thereof pursuant to this Section 2.4 shall be surrendered by the Depositary to the Trustee, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Note, an equal aggregate principal amount of Definitive Notes of authorized denominations. Any portion of a Global Note transferred pursuant to this Section shall be executed, authenticated and delivered only in denominations of $1,000 and any integral multiple thereof and registered in such names as the Depositary shall direct. Any certificated Initial Note in the form of a Definitive Note delivered in exchange for an interest in the Global Note shall, except as otherwise provided by Section 2.3(e), bear the Restricted Notes Legend.

(c) Subject to the provisions of Section 2.4(b), the registered Holder of a Global Note may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Notes.

(d) In the event of the occurrence of any of the events specified in Section 2.4(a)(i), (ii) or (iii), the Issuers will promptly make available to the Trustee a reasonable supply of Definitive Notes in fully registered form without interest coupons.

EXHIBIT A

[FORM OF FACE OF INITIAL NOTE AND PRIVATE EXCHANGE NOTE]

[Global Notes Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE ISSUERS OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

[Restricted Notes Legend]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUERS OR ANY AFFILIATE OF THE ISSUERS WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE), ONLY (A) TO THE ISSUERS, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR

RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE NOTES OF $250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUERS' AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

Each Definitive Note shall bear the following additional legend:

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

No. $_____

12% Senior Subordinated Note due 2009

CUSIP No. _____
ISIN No._____

SCG Holding, a Delaware corporation, and Semiconductor Components Industries, LLC, a Delaware limited liability company, promise to pay to [Cede & Co.], or registered assigns, the principal sum [of Dollars] [listed on the Schedule of Increases or Decreases in Global Note attached hereto]1 on August 1, 2009.

Interest Payment Dates: February 1 and August 1.

Record Dates: January 15 and July 15.

- ----------

1 Use the Schedule of Increases and Decreases language if Note is in Global Form.

Additional provisions of this Note are set forth on the other side of this Note.

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed.

SCG HOLDING CORPORATION,

by_____
Name:
Title:

SEMICONDUCTOR COMPONENTS
INDUSTRIES, LLC,

by_____
Name:
Title:

Dated:

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

STATE STREET BANK AND TRUST COMPANY,

as Trustee, certifies
that this is one of
the Notes referred
to in the Indenture.

By:_____
Authorized Signatory

- ----------
*/ If the Note is to be issued in global form, add the Global Notes Legend and the attachment from Exhibit A captioned "TO BE ATTACHED TO GLOBAL NOTES - SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE".

[FORM OF REVERSE SIDE OF INITIAL NOTE AND PRIVATE EXCHANGE NOTE]

12% Senior Subordinated Note due 2009

1. Interest

(a) SCG Holding Corporation, a Delaware corporation (the "Company"), and Semiconductor Components Industries, LLC ("SCI LLC" and together with the Company, and their successors and assigns under the Indenture hereinafter referred to, being herein called the "Issuers"), promise to pay interest on the principal amount of this Note at the rate per annum shown above. The Issuers shall pay interest semiannually on February 1 and August 1 of each year. Interest on the Notes shall accrue from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from August 4, 1999 until the principal hereof is due. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

(b) Liquidated Damages. The Holder (as defined in the Indenture) of this Note is entitled to the benefits of an Exchange Offer and Registration Rights Agreement, dated as of August 4, 1999, among the Issuers, SCG (Malaysia SMP) Holding Corporation, SCG (Czech) Holding Corporation, SCG (China) Holding Corporation, Semiconductor Components Industries Puerto Rico, Inc. and SCG International Development LLC (collectively, the "Note Guarantors") and the Initial Purchasers named therein (the "Registration Agreement"). Capitalized terms used in this paragraph (b) but not defined herein have the meanings assigned to them in the Registration Agreement. If (i) the Shelf Registration Statement or Exchange Offer Registration Statement, as applicable under the Registration Agreement, is not filed with the Commission on or prior to 120 days after the Issue Date, (ii) the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, is not declared effective within 180 days after the Issue Date, (iii) the Registered Exchange Offer is not consummated on or prior to 210 days after the Issue Date, or (iv) the Shelf Registration Statement is filed and declared effective within 180 days after the Issue Date (or in the case of a Shelf Registration Statement to be filed in response to any change in law or applicable interpretations thereof, within 60 days after the publication of the change in law or interpretation) but shall thereafter cease to be effective (at any time that the Issuers and the Note Guarantors are obligated to maintain the effectiveness thereof) without being succeeded within 30 days by an additional Registration Statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default"), the Issuers shall pay liquidated damages to each Holder of Transfer Restricted Notes, during the period of such Registration Default, in an amount equal to $0.192 per week per $1,000 principal amount of the Notes constituting Transfer Restricted Notes held by such Holder until the applicable Registration Statement is filed or declared effective, the Registered Exchange Offer is consummated or the Shelf Registration Statement again becomes effective, as the case may be. All accrued liquidated damages shall be paid to Holders in the same manner as interest payments on the Notes on semi-annual payment dates which correspond to interest payment dates for the Notes. Following the cure of all Registration Defaults, the accrual of liquidated damages shall cease. The Trustee shall have no responsibility with respect to the determination of the amount of any such liquidated damages. For purposes of the foregoing, "Transfer Restricted Notes" means (i) each Initial

Note until the date on which such Initial Note has been exchanged for a freely transferable Exchange Note in the Registered Exchange Offer, (ii) each Initial Note or Private Exchange Note until the date on which such Initial Note or Private Exchange Note has been effectively registered under the Securities Act and is eligible to be disposed of in accordance with a Shelf Registration Statement or (iii) each Initial Note or Private Exchange Note until the date on which such Initial Note or Private Exchange Note is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act. Notwithstanding anything to the contrary in this paragraph (b), the Issuers shall not be required to pay liquidated damages (i) during any Suspension Period or (ii) to a Holder of Transfer Restricted Notes if such Holder failed to comply with its obligations under the Registration Agreement.

2. Method of Payment

The Issuers shall pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the January 15 or July 15 next preceding the interest payment date even if Notes are canceled after the record date and on or before the interest payment date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Issuers shall pay principal, premium, liquidated damages, if any, and interest in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Notes represented by a Global Note (including principal, premium, liquidated damages, if any, and interest) shall be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Issuers will make all payments in respect of a certificated Note (including principal, premium and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on the Notes may also be made, in the case of a Holder of at least $1,000,000 aggregate principal amount of Notes, by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. Paying Agent and Registrar

Initially, STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company (the "Trustee"), will act as Paying Agent and Registrar. The Issuers may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Issuers or any of their domestically incorporated Wholly Owned Subsidiaries may act as Paying Agent, Registrar or co-registrar.

4. Indenture

The Issuers issued the Notes under an Indenture dated as of August 4, 1999 (the "Indenture"), among the Issuers, the Note Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. ss.ss. 77aaa-77bbbb) as in effect on the date of the Indenture (the "TIA"). Terms defined in the Indenture and not defined herein have the

meanings ascribed thereto in the Indenture. The Notes are subject to all terms and provisions of the Indenture, and Holders are referred to the Indenture and the TIA for a statement of such terms and provisions.

The Notes are senior subordinated unsecured obligations of the Issuers limited to $400,000,000 aggregate principal amount at any one time outstanding (subject to Sections 2.07 and 2.08 of the Indenture). This Note is one of the [Initial] [Private Exchange] Notes referred to in the Indenture. The Notes include the Initial Notes and any Exchange Notes and Private Exchange Notes issued in exchange for Initial Notes pursuant to the Indenture. The Initial Notes, the Exchange Notes and the Private Exchange Notes are treated as a single class of securities under the Indenture. The Indenture imposes certain limitations on the ability of the Issuers and its Restricted Subsidiaries to, among other things, make certain Investments and other Restricted Payments, pay dividends and other distributions, incur Indebtedness, enter into consensual restrictions upon the payment of certain dividends and distributions by such Restricted Subsidiaries, issue or sell shares of capital stock of such Restricted Subsidiaries, enter into or permit certain transactions with Affiliates and make asset dispositions. The Indenture also imposes limitations on the ability of the Issuers to consolidate or merge with or into any other Person or convey, transfer or lease all or substantially all of the property of the Issuers.

To guarantee the due and punctual payment of the principal and interest, if any, on the Notes and all other amounts payable by the Issuers under the Indenture and the Notes when and as the same shall be due and payable, whether at maturity, by acceleration or otherwise, according to the terms of the Notes and the Indenture, the Note Guarantors have, jointly and severally, unconditionally guaranteed the Guaranteed Obligations on a senior subordinated basis pursuant to the terms of the Indenture.

5. Optional Redemption

Except as set forth in the following paragraph, the Notes shall not be redeemable at the option of the Issuers prior to August 1, 2004. On or after such date, the Notes shall be redeemable at the option of the Issuers, in whole or in part, on one or more occasions, on not less than 30 nor more than 60 days prior notice, at the following redemption prices (expressed as percentages of principal amount), plus accrued and unpaid interest and liquidated damages, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on August 1 of the years set forth below:

YEAR	REDEMPTION PRICE
2004	106.0%
2005	104.5%
2006	103.0%
2007	101.5%
2008 and thereafter	100.0%

In addition, prior to August 1, 2002, the Issuers may, on one or more occasions, redeem up to a maximum of 35% of the original aggregate principal amount of the Notes with the Net Cash Proceeds of one or more Public Equity Offerings by the Company at a redemption price equal to 112% of the principal amount thereof, plus accrued and unpaid interest and liquidated damages, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that after giving effect to any such redemption, (a) at least 65% of the original aggregate principal amount of the Notes remains outstanding and (b) such redemption is made within 90 days of the date of closing of the applicable Public Equity Offering upon not less than 30 nor more than 60 days notice mailed to each Holder of Notes being redeemed and otherwise in accordance with the procedures set forth in the Indenture.

6. Sinking Fund

The Notes are not subject to any sinking fund.

7. Notice of Redemption

Notice of redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at his or her registered address. Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued and unpaid interest and liquidated damages, if any, on all Notes (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Notes (or such portions thereof) called for redemption.

8. Repurchase of Notes at the Option of Holders upon Change of Control

Upon a Change of Control, any Holder of Notes will have the right, subject to certain conditions specified in the Indenture, to cause the Issuers to repurchase all or any part of the Notes of such Holder at a purchase price equal to 101% of the principal amount of the Notes to be repurchased plus accrued and unpaid interest and liquidated damages, if any, to the date of repurchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date that is on or prior to the date of purchase) as provided in, and subject to the terms of, the Indenture.

In accordance with Section 4.06 of the Indenture, the Issuers will be required to offer to purchase Notes upon the occurrence of certain events.

9. Subordination

The Notes are subordinated in right of payment to Senior Indebtedness, as defined in the Indenture. To the extent provided in the Indenture, Senior Indebtedness must be paid before the Notes may be paid. Each of the Issuers and each Note Guarantor agrees, and each Holder by accepting a Note agrees, to the subordination provisions contained in the Indenture and authorizes the Trustee to give it effect and appoints the Trustee as attorney-in-fact for such purpose.

10. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of $1,000 and whole multiples of $1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or to transfer or exchange any Notes for a period of 15 days prior to a selection of Notes to be redeemed or 15 days before an interest payment date.

11. Persons Deemed Owners

Except as provided in paragraph 2 hereof, the registered Holder of this Note may be treated as the owner of it for all purposes.

12. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Issuers at their written request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Issuers and not to the Trustee for payment.

13. Discharge and Defeasance

Subject to certain conditions, the Issuers at any time may terminate some of or all their obligations under the Notes and the Indenture if the Issuers deposit with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Notes to redemption or maturity, as the case may be.

14. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (a) the Indenture or the Notes may be amended without prior notice to any Holder but with the written consent of the Holders of at least a majority in aggregate principal amount of the outstanding Notes and (b) any default may be waived with the written consent of the Holders of at least a majority in principal amount of the outstanding Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder of Notes, the Issuers and the Trustee may amend the Indenture or the Notes (i) to cure any ambiguity, omission, defect or inconsistency; (ii) to comply with Article 5 of the Indenture; (iii) to provide for uncertificated Notes in addition to or in place of certificated Notes; (iv) to make any change in the subordination provisions of the Indenture that would limit or terminate the benefits available to any holder of Senior Indebtedness of the Issuers (or any representative thereof) under such subordination provisions; (v) to add additional Note Guarantees with respect to the Notes; (vi) to secure the Notes; (vii) to add to the covenants of the Issuers or to surrender rights and powers conferred on the Issuers; (viii) to comply with the requirements of the Commission in

order to effect or maintain the qualification of the Indenture under the TIA; (ix) to make any change that does not adversely affect the rights of any Holder; or (x) to provide for the issuance of the Exchange Notes or Private Exchange Notes.

15. Defaults and Remedies

If an Event of Default occurs (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company or SCI LLC) and is continuing, the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes may declare the principal of and accrued but unpaid interest on all the Notes to be due and payable. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company or SCI LLC occurs, the principal of and interest on all the Notes shall become immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

If an Event of Default occurs and is continuing, the Trustee shall be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense and certain other conditions are complied with. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless (i) such Holder has previously given the Trustee notice that an Event of Default is continuing, (ii) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee in writing to pursue the remedy, (iii) such Holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense, (iv) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity and (v) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period. Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

16. Trustee Dealings with the Issuers

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Issuers or their Affiliates and may otherwise deal with the Issuers or their Affiliates with the same rights it would have if it were not Trustee.

17. No Recourse Against Others

Neither Motorola, Inc. nor any director, officer, employee, stockholder or member, as such, of the Issuers, any Note Guarantor or Motorola, Inc. shall have any liability for any obligations of the Issuers or any of the Note Guarantors under the Notes or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

18. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the other side of this Note.

19. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

20. Governing Law

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

21. CUSIP and ISIN Numbers

The Issuers may have caused CUSIP and ISIN numbers to be printed on the Notes and directed the Trustee to use such CUSIP and ISIN numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of any such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

THE ISSUERS WILL FURNISH TO ANY HOLDER OF NOTES UPON WRITTEN REQUEST AND WITHOUT CHARGE TO THE HOLDER A COPY OF THE INDENTURE WHICH HAS IN IT THE TEXT OF THIS NOTE.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Note on the books of the Issuers. The agent may substitute another to act for him.

Date: _____ Your Signature: _____

Sign exactly as your name appears on the other side of this Note. Signature must be guaranteed by a participant in a recognized signature guaranty medallion program or other signature guarantor acceptable to the Trustee.

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR REGISTRATION OF TRANSFER RESTRICTED NOTES

This certificate relates to $_____ principal amount of Notes held in (check applicable space) ____ book-entry or _____ definitive form by the undersigned.

The undersigned (check one box below):

|_| has requested the Trustee by written order to deliver in exchange for its beneficial interest in the Global Note held by the Depositary a Note or Notes in definitive, registered form of authorized denominations and an aggregate principal amount equal to its beneficial interest in such Global Note (or the portion thereof indicated above);

|_| has requested the Trustee by written order to exchange or register the transfer of a Note or Notes.

In connection with any transfer of any of the Notes evidenced by this certificate occurring prior to the expiration of the period referred to in Rule 144(k) under the Securities Act, the undersigned confirms that such Notes are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

(1) |_| to the Issuers; or

(2) |_| to the Registrar for registration in the name of the Holder, without transfer; or

(3) |_| pursuant to an effective registration statement under the Securities Act of 1933; or

(4) |_| inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or

(5) |_| outside the United States in an offshore transaction within the meaning of Regulation S under the Securities Act in compliance with Rule 904 under the Securities Act of 1933 and such Note shall be held immediately after the transfer through Euroclear and Cedel until the expiration of the Restricted Period (as defined in the Indenture); or

(6) |_| to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933) that has furnished to the Trustee a signed letter containing certain representations and agreements; or

(7) |_| pursuant to another available exemption from registration provided by Rule 144 under the Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any Person other than the registered Holder thereof; provided, however , that if box (5), (6) or (7) is checked, the Trustee may require, prior to registering any such transfer of the Notes, such legal opinions, certifications and other information as the Issuers have reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

_____
Your Signature

Signature Guarantee:

Date: _____ _____

Signature must be guaranteed by a participant in a recognized signature guaranty medallion program or other signature guarantor acceptable to the Trustee

Signature of Signature Guarantee

TO BE COMPLETED BY PURCHASER IF (4) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuers as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____ _____

NOTICE: To be executed by an executive officer

[TO BE ATTACHED TO GLOBAL NOTES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The initial principal amount of this Global Note is $[ ]. The following increases or decreases in this Global Note have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Notes Custodian

OPTION OF HOLDER TO ELECT PURCHASE

IF YOU WANT TO ELECT TO HAVE THIS NOTE PURCHASED BY THE ISSUERS PURSUANT TO SECTION 4.06 (ASSET DISPOSITION) OR 4.08 (CHANGE OF CONTROL) OF THE INDENTURE, CHECK THE BOX:

ASSET DISPOSITION |_| CHANGE OF CONTROL |_|

IF YOU WANT TO ELECT TO HAVE ONLY PART OF THIS NOTE PURCHASED BY THE ISSUERS PURSUANT TO SECTION 4.06 OR 4.08 OF THE INDENTURE, STATE THE AMOUNT ($1,000 OR AN INTEGRAL MULTIPLE THEREOF):

$

DATE: _____ YOUR SIGNATURE: _____
(SIGN EXACTLY AS YOUR NAME APPEARS ON THE OTHER SIDE OF THE NOTE)

SIGNATURE GUARANTEE:_____
SIGNATURE MUST BE GUARANTEED BY A PARTICIPANT IN A RECOGNIZED SIGNATURE GUARANTY MEDALLION PROGRAM OR OTHER SIGNATURE GUARANTOR ACCEPTABLE TO THE TRUSTEE

EXHIBIT B

[FORM OF FACE OF EXCHANGE NOTE]

[Global Notes Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE ISSUERS OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

No. $_____

12% Senior Subordinated Note due 2009

CUSIP No. _____
ISIN No.

SCG Holding corporation, a Delaware corporation, and Semiconductor Components Industries, LLC, a Delaware limited liability company, promise to pay to [Cede & Co.], or registered assigns, the principal sum [of Dollars] [listed on the Schedule of Increases or Decreases in Global Note attached hereto](2) on August 1, 2009.

Interest Payment Dates: February 1 and August 1.

Record Dates: January 15 and July 15.

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(2) Use the Schedule of Increases and Decreases language if Note is in Global Form.

Additional provisions of this Note are set forth on the other side of this Note.

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed.

SCG HOLDING CORPORATION,

by_____
Name:
Title:

SEMICONDUCTOR COMPONENTS
INDUSTRIES, LLC,

by_____
Name:
Title:

Dated:

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

STATE STREET BANK AND TRUST COMPANY,

as Trustee, certifies
that this is one of
the Notes referred
to in the Indenture.

by_____
Authorized Signatory

*/ If the Note is to be issued in global form, add the Global Notes Legend and the attachment from Exhibit A captioned "TO BE ATTACHED TO GLOBAL NOTES - SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE".

[FORM OF REVERSE SIDE OF EXCHANGE NOTE]

12% Senior Subordinated Note due 2009

1. Interest.

SCG Holding Corporation, a Delaware corporation (the "Company"), and Semiconductor Components Industries, LLC ("SCI LLC" and together with the Company, and their successors and assigns under the Indenture hereinafter referred to, being herein called the "Issuers"), promise to pay interest on the principal amount of this Note at the rate per annum shown above. The Issuers shall pay interest semiannually on February 1 and August 1 of each year. Interest on the Notes shall accrue from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from August 4, 1999 until the principal hereof is due. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

2. Method of Payment

The Issuers shall pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the January 15 or July 15 next preceding the interest payment date even if Notes are canceled after the record date and on or before the interest payment date. Holders (as defined in the Indenture) must surrender Notes to a Paying Agent to collect principal payments. The Issuers shall pay principal, premium, liquidated damages, if any, and interest in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Notes represented by a Global Note (including principal, premium, liquidated damages, if any, and interest) shall be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Issuers will make all payments in respect of a certificated Note (including principal, premium and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on the Notes may also be made, in the case of a Holder of at least $1,000,000 aggregate principal amount of Notes, by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. Paying Agent and Registrar

Initially, STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company (the "Trustee"), will act as Paying Agent and Registrar. The Issuers may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Issuers or any of their domestically incorporated Wholly Owned Subsidiaries may act as Paying Agent, Registrar or co-registrar.

4. Indenture

The Issuers issued the Notes under an Indenture dated as of August 4, 1999 (the "Indenture"), among the Issuers, SCG (Malaysia SMP) Holding Corporation, SCG (Czech) Holding Corporation, SCG (China) Holding Corporation, Semiconductor Components Industries Puerto Rico, Inc. and SCG International Development LLC (collectively, the "Note Guarantors") and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. ss.ss. 77aaa-77bbbb) as in effect on the date of the Indenture (the "TIA"). Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all terms and provisions of the Indenture, and Holders are referred to the Indenture and the TIA for a statement of such terms and provisions.

The Notes are senior subordinated unsecured obligations of the Issuers limited to $400,000,000 aggregate principal amount at any one time outstanding (subject to Sections 2.07 and 2.08 of the Indenture). This Note is one of the Exchange Notes referred to in the Indenture. The Notes include the Initial Notes and any Exchange Notes and Private Exchange Notes issued in exchange for the Initial Notes pursuant to the Indenture. The Initial Notes, the Exchange Notes and the Private Exchange Notes are treated as a single class of securities under the Indenture. The Indenture imposes certain limitations on the ability of the Issuers and its Restricted Subsidiaries to, among other things, make certain Investments and other Restricted Payments, pay dividends and other distributions, incur Indebtedness, enter into consensual restrictions upon the payment of certain dividends and distributions by such Restricted Subsidiaries, issue or sell shares of capital stock of such Restricted Subsidiaries, enter into or permit certain transactions with Affiliates and make asset dispositions. The Indenture also imposes limitations on the ability of the Issuers to consolidate or merge with or into any other Person or convey, transfer or lease all or substantially all of the property of the Issuers.

To guarantee the due and punctual payment of the principal and interest, if any, on the Notes and all other amounts payable by the Issuers under the Indenture and the Notes when and as the same shall be due and payable, whether at maturity, by acceleration or otherwise, according to the terms of the Notes and the Indenture, the Note Guarantors have, jointly and severally, unconditionally guaranteed the Guaranteed Obligations on a senior subordinated basis pursuant to the terms of the Indenture.

5. Optional Redemption

Except as set forth in the following paragraph, the Notes shall not be redeemable at the option of the Issuers prior to August 1, 2004. On or after such date, the Notes shall be redeemable at the option of the Issuers, in whole or in part, on one or more occasions, on not less than 30 nor more than 60 days prior notice, at the following redemption prices (expressed as percentages of principal amount), plus accrued and unpaid interest and liquidated damages, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on August 1 of the years set forth below:

YEAR	PRICE REDEMPTION
2004	106.0%
2005	104.5%
2006	103.0%
2007	101.5%
2008 and thereafter	100.0%

In addition, prior to August 1, 2002, the Issuers may, on one or more occasions, redeem up to a maximum of 35% of the original aggregate principal amount of the Notes with the Net Cash Proceeds of one or more Public Equity Offerings by the Company at a redemption price equal to 112% of the principal amount thereof, plus accrued and unpaid interest and liquidated damages, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that after giving effect to any such redemption, (a) at least 65% of the original aggregate principal amount of the Notes remains outstanding and (b) such redemption is made within 90 days of the date of closing of the applicable Public Equity Offering upon not less than 30 nor more than 60 days notice mailed to each Holder of Notes being redeemed and otherwise in accordance with the procedures set forth in the Indenture.

6. Sinking Fund

The Notes are not subject to any sinking fund.

7. Notice of Redemption

Notice of redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at his or her registered address. Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued and unpaid interest and liquidated damages, if any, on all Notes (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Notes (or such portions thereof) called for redemption.

8. Repurchase of Notes at the Option of Holders upon Change of Control

Upon a Change of Control, any Holder of Notes will have the right, subject to certain conditions specified in the Indenture, to cause the Issuers to repurchase all or any part of the Notes of such Holder at a purchase price equal to 101% of the principal amount of the Notes to be repurchased plus accrued and unpaid interest and liquidated damages, if any, to the date of repurchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date that is on or prior to the date of purchase) as provided in, and subject to the terms of, the Indenture.

In accordance with Section 4.06 of the Indenture, the Issuers will be required to offer to purchase Notes upon the occurrence of certain events.

9. Subordination

The Notes are subordinated in right of payment to Senior Indebtedness, as defined in the Indenture. To the extent provided in the Indenture, Senior Indebtedness must be paid before the Notes may be paid. Each of the Issuers and each Note Guarantor agrees, and each Holder by accepting a Note agrees, to the subordination provisions contained in the Indenture and authorizes the Trustee to give it effect and appoints the Trustee as attorney-in-fact for such purpose.

10. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of $1,000 and whole multiples of $1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) or to transfer or exchange any Notes for a period of 15 days prior to a selection of Notes to be redeemed or 15 days before an interest payment date.

11. Persons Deemed Owners

Except as provided in paragraph 2 hereof, the registered Holder of this Note may be treated as the owner of it for all purposes.

12. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Issuers at their written request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Issuers and not to the Trustee for payment.

13. Discharge and Defeasance

Subject to certain conditions, the Issuers at any time may terminate some of or all their obligations under the Notes and the Indenture if the Issuers deposit with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Notes to redemption or maturity, as the case may be.

14. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (a) the Indenture or the Notes may be amended without prior notice to any Holder but with the written consent of the Holders of at least a majority in aggregate principal amount of the outstanding Notes and (b) any default may be waived with the written consent of the Holders of at least a majority in principal amount of the outstanding Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Holder of Notes, the Issuers and the Trustee may

amend the Indenture or the Notes (i) to cure any ambiguity, omission, defect or inconsistency; (ii) to comply with Article 5 of the Indenture; (iii) to provide for uncertificated Notes in addition to or in place of certificated Notes; (iv) to make any change in the subordination provisions of the Indenture that would limit or terminate the benefits available to any holder of Senior Indebtedness of the Issuers (or any representative thereof) under such subordination provisions; (v) to add additional Note Guarantees with respect to the Notes; (vi) to secure the Notes; (vii) to add to the covenants of the Issuers or to surrender rights and powers conferred on the Issuers; (viii) to comply with the requirements of the Commission in order to effect or maintain the qualification of the Indenture under the TIA; (ix) to make any change that does not adversely affect the rights of any Holder; or (x) to provide for the issuance of the Exchange Notes or Private Exchange Notes.

15. Defaults and Remedies

If an Event of Default occurs (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company or SCI LLC) and is continuing, the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes may declare the principal of and accrued but unpaid interest on all the Notes to be due and payable. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company or SCI LLC occurs, the principal of and interest on all the Notes shall become immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

If an Event of Default occurs and is continuing, the Trustee shall be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense and certain other conditions are complied with. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless (i) such Holder has previously given the Trustee notice that an Event of Default is continuing, (ii) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee in writing to pursue the remedy, (iii) such Holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense, (iv) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity and (v) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period. Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

16. Trustee Dealings with the Issuers

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Issuers or their Affiliates and may otherwise deal with the Issuers or their Affiliates with the same rights it would have if it were not Trustee.

17. No Recourse Against Others

Neither Motorola, Inc. nor any director, officer, employee, stockholder or member, as such, of the Issuers, any Note Guarantor or Motorola, Inc. shall have any liability for any obligations of the Issuers or any of the Note Guarantors under the Notes or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

18. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the other side of this Note.

19. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

20. Governing Law

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITH OUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

21. CUSIP and ISIN Numbers

The Issuers may have caused CUSIP and ISIN numbers to be printed on the Notes and directed the Trustee to use such CUSIP and ISIN numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of any such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

THE ISSUERS WILL FURNISH TO ANY HOLDER OF NOTES UPON WRITTEN REQUEST AND WITHOUT CHARGE TO THE HOLDER A COPY OF THE INDENTURE WHICH HAS IN IT THE TEXT OF THIS NOTE.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Note on the books of the Issuers. The agent may substitute another to act for him.

_____

Date: _____ Your Signature: _____

_____

Sign exactly as your name appears on the other side of this Note. Signature must be guaranteed by a participant in a recognized signature guaranty medallion program or other signature guarantor acceptable to the Trustee.

[TO BE ATTACHED TO GLOBAL NOTES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The initial principal amount of this Global Note is $[ ]. The following increases or decreases in this Global Note have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Notes Custodian

OPTION OF HOLDER TO ELECT PURCHASE

IF YOU WANT TO ELECT TO HAVE THIS NOTE PURCHASED BY THE ISSUERS PURSUANT TO SECTION 4.06 (ASSET DISPOSITION) OR 4.08 (CHANGE OF CONTROL) OF THE INDENTURE, CHECK THE BOX:

ASSET DISPOSITION |_| CHANGE OF CONTROL |_|

IF YOU WANT TO ELECT TO HAVE ONLY PART OF THIS NOTE PURCHASED BY THE ISSUERS PURSUANT TO SECTION 4.06 OR 4.08 OF THE INDENTURE, STATE THE AMOUNT ($1,000 OR AN INTEGRAL MULTIPLE THEREOF):

$

DATE: _____ YOUR SIGNATURE: _____
(SIGN EXACTLY AS YOUR NAME APPEARS
ON THE OTHER SIDE OF THE NOTE)

SIGNATURE GUARANTEE:_____
SIGNATURE MUST BE GUARANTEED BY A PARTICIPANT
IN A RECOGNIZED SIGNATURE GUARANTY MEDALLION
PROGRAM OR OTHER SIGNATURE GUARANTOR ACCEPTABLE
TO THE TRUSTEE.

EXHIBIT C

FORM OF SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") dated as of , among [GUARANTOR] (the "New Note Guarantor"), a subsidiary of SCG Holding Corporation, a Delaware corporation (the "Company"), the Company, Semiconductor Components Industries, LLC ("SCI LLC" and, together with the Company and their successors and assigns, the "Issuers") (or their successors), SCG (Malaysia SMP) Holding Corporation, SCG (Czech) Holding Corporation, SCG (China) Holding Corporation, SCG Puerto Rico Corp., SCG International Development LLC and STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company, as trustee under the indenture referred to below (the "Trustee").

W I T N E S S E T H :

WHEREAS the Issuers and SCG (Malaysia SMP) Holding Corporation, SCG (Czech) Holding Corporation, SCG (China) Holding Corporation, Semiconductor Components Industries Puerto Rico, Inc. and SCG International Development LLC (collectively, the "Existing Note Guarantors") have heretofore executed and delivered to the Trustee an Indenture (the "Indenture") dated as of August 4, 1999, providing for the issuance of an aggregate principal amount of up to $400,000,000 of 12% Senior Subordinated Notes due 2009 (the "Notes");

WHEREAS Section 4.11 of the Indenture provides that under certain circumstances the Issuers are required to cause the New Note Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which the New Note Guarantor shall unconditionally guarantee all the Issuers' obligations under the Notes pursuant to a Note Guarantee on the terms and conditions set forth herein; and

WHEREAS pursuant to Section 9.01 of the Indenture, the Trustee, the Issuers and the Existing Note Guarantors are authorized to execute and deliver this Supplemental Indenture;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Note Guarantor, the Issuers, the Existing Note Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the holders of the Notes as follows:

1. Agreement to Guarantee. The New Note Guarantor hereby agrees, jointly and severally with all the Existing Note Guarantors, to unconditionally guarantee the Issuers' obligations under the Notes on the terms and subject to the conditions set forth in Articles 11 and 12 of the Indenture and to be bound by all other applicable provisions of the Indenture and the Notes.

2. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

3. Governing Law. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

4. Trustee Makes No Representation. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.

5. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings. The Section headings herein are for convenience only and shall not effect the construction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[NEW NOTE GUARANTOR],

by_____
Name:
Title:

SCG HOLDING CORPORATION,

by_____
Name:
Title:

SEMICONDUCTOR COMPONENTS INDUSTRIES LLC,

by_____
Name:
Title:

SCG (MALAYSIA SMP) HOLDING CORPORATION,

by_____
  Name:
  Title:

SCG (CZECH) HOLDING CORPORATION,

by_____
  Name:
  Title:

SCG (CHINA) HOLDING CORPORATION,

by_____
  Name:
  Title:

SEMICONDUCTOR COMPONENTS INDUSTRIES
  PUERTO RICO, INC.,

by_____
  Name:
  Title:

SCG INTERNATIONAL DEVELOPMENT LLC,

by_____
  Name:
  Title:

STATE STREET BANK AND TRUST COMPANY,
  as Trustee

by_____
  Name:
  Title:

EXHIBIT D

Form of
Transferee Letter of Representation

SCG Holding Corporation
Semiconductor Components Industries, LLC
5005 E. McDowell Road
Phoenix, AZ 85008

Ladies and Gentlemen:

This certificate is delivered to request a transfer of $_____ principal amount of the 12% Senior Subordinated Notes due 2009 (the "Notes") of SCG Holding Corporation and Semiconductor Components Industries, LLC (the "Issuers").

Upon transfer, the Notes would be registered in the name of the new beneficial owner as follows:

Name:_____

Address:_____

Taxpayer ID Number:_____

The undersigned represents and warrants to you that:

1. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act")), purchasing for our own account or for the account of such an institutional "accredited investor" at least $250,000 principal amount of the Notes, and we are acquiring the Notes not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we invest in or purchase securities similar to the Notes in the normal course of our business. We, and any accounts for which we are acting, are each able to bear the economic risk of our or its investment.

2. We understand that the Notes have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing Notes to offer, sell or otherwise transfer such Notes prior to the date that is two years after the later of the date of original issue and the last date on which any of the Issuers or any affiliate of either Issuer was the owner of such Notes (or any predecessor thereto) (the "Resale Restriction Termination Date") only (a) to the Issuers, (b) pursuant to a registration statement that has been declared effective under the Securities Act, (c) in a transaction complying with the requirements of Rule 144A under the Securities Act ("Rule 144A"), to a person we reasonably believe is a qualified institutional buyer under Rule 144A (a "QIB") that is purchasing for its own account or for the account of a QIB and to whom notice is given that the transfer is being made in reliance

on Rule 144A, (d) pursuant to offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act, (e) to an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that is purchasing for its own account or for the account of such an institutional "accredited investor," in each case in a minimum principal amount of Notes of $250,000, or (f) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of our property or the property of such investor account or accounts be at all times within our or their control and in compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Notes is proposed to be made pursuant to clause (e) above prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Issuers and the Trustee, which shall provide, among other things, that the transferee is an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act and that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Issuers and the Trustee reserve the right prior to the offer, sale or other transfer prior to the Resale Restriction Termination Date of the Notes pursuant to clause (d), (e) or (f) above to require the delivery of an opinion of counsel, certifications or other information satisfactory to the Issuers and the Trustee.

TRANSFEREE:_____,

by:_____

JUNIOR SUBORDINATED NOTE DUE 2011

THE SECURITY REPRESENTED BY THIS INSTRUMENT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THIS SECURITY CANNOT BE SOLD OR OTHERWISE TRANSFERRED UNLESS THIS SECURITY IS REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE COMPANY IS FURNISHED WITH AN ACCEPTABLE OPINION OF COUNSEL THAT AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

10% Junior Subordinated Note Due 2011

$91,000,000 August 4, 1999

SECTION 1. GENERAL.

(a) Semiconductor Components Industries, LLC, a Delaware limited liability company (the "Company"), for value received, hereby promises to pay, subject to the further provisions hereof (including, without limitation, the subordination provisions set forth herein), to Motorola, Inc. (the "Payee"), the aggregate principal amount of NINETY-ONE MILLION DOLLARS ($91,000,000), on August 4, 2011 (such date being the "Payment Date"), in such coin or currency of the United States of America as at the time of payment shall be legal tender therein for the payment of public and private debts.

(b) The Company further agrees to pay, subject to the subordination provisions set forth herein, interest on the unpaid principal amount hereof from time to time from the date hereof at the rate of 10% per annum, payable semiannually on February 1 and August 1 of each year (each an "Interest Payment Date"). Cash interest on this Note shall not be payable prior to the fifth anniversary of the date hereof. Prior to such fifth anniversary, interest on the unpaid principal amount of this Note shall accrue at the rate of 10% per annum and shall be added to the principal on each Interest Payment Date and amounts so added shall thereafter be deemed to be a part of the principal amount of this Note for all purposes hereof and shall be payable on the Payment Date. On and after the fifth anniversary of the date hereof, accrued interest at each Interest Payment Date may, subject to Section 4 of this Note, be paid in cash if (i) at the time of such payment after giving effect thereto, the Leverage Ratio shall not exceed 1.50 to 1.00 and (ii) at the time of each such payment, no default or event of default exists or would result from such payment under any Senior Debt. Accrued interest not paid in cash on an Interest Payment Date pursuant to the preceding sentence shall be added to the principal on such Interest Payment Date and shall thereafter be deemed to be a part of the principal

amount of this Note for all purposes hereof and shall be payable on the Payment Date. Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

SECTION 2. THE NOTE.

This Note is being delivered pursuant to the Agreement and Plan of Recapitalization and Merger dated as of May 11, 1999, by and among the Company and the parties thereto, as the same may be amended or modified. Reference herein to the term "Note" also refers to any Note executed and delivered by the Company in replacement hereof pursuant to Section 5 hereof. Unless the context otherwise requires, the term "holder" is used herein to mean the person named as Payee in Section 1 hereof who is the holder of this Note, and such person's successors and permitted assigns.

SECTION 3. PREPAYMENTS.

(a) The Company may, at its sole option, at any time prepay this Note, without penalty, in whole or in part, on five (5) days' prior written notice to the holder hereof, at a prepayment price equal to the principal amount so to be prepaid together with interest on the principal amount so prepaid to the date of such prepayment; PROVIDED, that either (i) all principal of, interest on and premium, if any, and all other obligations of the Company under any Senior Debt shall have been repaid or prepaid in full in cash and all commitments to extend Senior Debt shall have been terminated at the time of any such prepayment or (ii) at the time of each such prepayment no default or event of default exists or would result from such payment under any Senior Debt.

(b) Upon the consummation of a Change of Control (as defined below), if the Company does not prepay this Note in full, the holder of this Note shall have the right to require the Company to repurchase this Note at a price in cash equal to the outstanding principal amount hereof together with interest on the principal amount to the date of such repurchase. Within 30 days following any Change of Control, unless the Company shall have mailed a notice with respect to a prepayment pursuant to Section 3(a), the Company shall mail a notice to the holder of this Note describing the transaction or transactions that constitute the Change of Control and offering to repurchase this Note on the date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this paragraph, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations hereunder by virtue thereof. The provisions of this Section 3(b) shall be subject to the condition that (i) all principal of, interest on, and premium, if any, and all other obligations of the Company under any Senior Debt shall have been repaid or prepaid in full in cash and all commitments to extend such Senior Debt shall have been terminated at the time of such repurchase or (ii) at the time of each

such repurchase no default or event of default exists or would result from such repurchase under any Senior Debt.

SECTION 4. SUBORDINATION.

(a) AGREEMENT TO SUBORDINATE. The Company agrees, and the holder of this Note by accepting this Note agrees, that the indebtedness and other obligations evidenced by this Note (including, without limitation, all obligations to pay principal of, and interest on this Note and all other obligations under the terms of this Note) are subordinated in right of payment, to the extent and in the manner provided in this Section 4, to the prior payment in full of all Senior Debt and that the subordination is for the benefit of and enforceable by the holders of such Senior Debt (the "Senior Debtholders").

(b) No payment (whether directly, by purchase, redemption or exercise of any right of setoff or otherwise) in respect of this Note, whether as principal, interest or otherwise, and whether in cash, securities or property (collectively, "pay this Note"), shall be made by or on behalf of the Company or received, accepted or demanded, directly or indirectly, by or on behalf of the holder of this Note unless and until all Senior Debt has been indefeasibly paid in full in cash to the Senior Debtholders, except that (i) payments of interest in kind under this Note may be made when due and payable and payments of interest in cash after the fifth anniversary of the date hereof may be made when due and payable, in each case pursuant to Section 1(b) and subject to the conditions specified therein, (ii) the Company may prepay this Note, in whole or in part, at any time and from time to time, and may repurchase this Note upon consummation of a Change of Control, in each case on the terms and subject to the conditions set forth in Section 3 hereof, and (iii) the Company may pay this Note without regard to the foregoing if the Company receives the written consent of all the Senior Debtholders (or any duly authorized representatives thereof).

(c) LIQUIDATION, DISSOLUTION, BANKRUPTCY. Upon any distribution of the assets of the Company or upon any payment or distribution of the assets of the Company to creditors upon a total or partial liquidation or a total or partial dissolution of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property:

(i) the Senior Debtholders shall be entitled to receive payment in full in cash of the Senior Debt before the holder of this Note shall be entitled to receive any payment of principal of or interest on this Note or any other payment; and

(ii) until the Senior Debt of the Company is paid in full in cash, any payment or distribution to which the holder of this Note would be entitled but for

this Section 4 shall be made to the Senior Debtholders as their interests may appear.

(d) The holder of this Note shall not commence, or join with any other creditor in commencing, any bankruptcy, reorganization or insolvency proceedings with respect to the Company unless the Senior Debtholders shall also join in bringing such proceeding (PROVIDED, HOWEVER, that the holder hereof shall be entitled to file a proof of claim in respect of the obligations hereunder in any such proceeding so long as such proof of claim shall state that any right to payment is subordinated to the extent and in the manner set forth in this Section 4). Any distribution of assets of, or payments by, the Company of any kind or character, whether in cash, property or securities, to which the holder of this Note would be entitled except for the provisions of this Section 4 shall be paid or delivered by the person making such distribution or payment, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the Senior Debtholders or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any such Senior Debt may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Senior Debt or represented by each of such instruments, to the extent necessary to make payment in full of all Senior Debt remaining unpaid after giving effect to any concurrent payment or distribution (or provisions therefor) to the Senior Debtholders.

(e) If, prior to the Payment Date, (i) any Senior Debt is declared due and payable prior to its stated maturity by reason of the occurrence of an event of default, and such acceleration is not rescinded, or (ii) any default or event of default with respect to any Senior Debt occurs and such default or event of default is not cured or waived, then all principal of and interest on such Senior Debt which is due and payable (whether by acceleration or otherwise) shall first be paid in full and all commitments to extend such Senior Debt shall be terminated before any payment on account of principal or interest is made upon this Note and before the holder of this Note shall demand, accept or receive or attempt to collect or commence any legal proceedings to collect any such payment or take any action to accelerate this Note, and to that end, so long as such acceleration or default continues and until such Senior Debt shall have been paid in full or otherwise discharged, the Senior Debtholders shall be entitled to receive, subject to the further provisions of Section 4(f) below, whether from the holder of this Note or otherwise, for application in payment of such Senior Debt any payment or distribution of any kind or character, whether in cash, securities or other property, which is paid or delivered or which may be payable or deliverable on or with respect to this Note after the occurrence of such acceleration or default, and the holder of this Note shall, subject to the further provisions of Section 4(f) below, hold any such payments or distributions made to such holder in trust for the Senior Debtholders.

(f) In the event that any payment by, or on behalf of, or distribution of the assets of, the Company of any kind or character, whether in cash, property or securities,

and whether directly, by purchase, redemption, exercise of any right of setoff or otherwise, shall be received by or on behalf of the holder of this Note or any affiliate thereof at a time when such payment is prohibited by the provisions of this Section 4, such payment or distribution shall be held by the holder of this Note or such affiliate in trust (segregated from other property of the holder of this Note or such affiliate) for the benefit of the Senior Debtholders, and shall forthwith be paid over directly to the Senior Debtholders or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any such Senior Debt may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Senior Debt or represented by each of such instruments, to the extent necessary to make payment in full of all Senior Debt remaining unpaid after giving effect to any concurrent payment or distribution (or provision therefor) by the Company or any guarantor of the Senior Debt to the Senior Debtholders.

(g) The holder of this Note, by acceptance of this Note, (i) if and so long as payment thereon is prohibited by this Section 4, irrevocably authorizes and empowers (but without imposing any obligation on, or any duty to such holder from) the Senior Debtholders at any time outstanding and such Senior Debtholders' representatives, to demand, sue for, collect, receive and acknowledge receipt of such Senior Debtholders' ratable share of payments and distributions in respect of this Note to the extent such payments and distributions are required to be paid or delivered to the Senior Debtholders' as provided in this Section 4, and to file and prove all claims therefor and take all such other actions (including the exclusive right to vote, file and prove claims in respect of this Note in connection with any bankruptcy, insolvency, receivership or similar proceeding, including the right to vote such claims in connection with any election of trustees, acceptances of plans or otherwise) in the name of such holder, or otherwise, as such Senior Debtholders or their representatives may determine to be necessary or appropriate for the enforcement of the provisions of this Section 4 and (ii) agrees to execute and to deliver to each Senior Debtholder and its representatives all such further instruments confirming the authorization hereinabove set forth, and all powers of attorney, proxies, proofs of claim, assignments of claim and other instruments, and to take all such other actions, as may be requested by such Senior Debtholder or its representatives in order to enable such Senior Debtholder to enforce all claims upon or in respect of such holder's ratable share of payments and distributions in respect of this Note.

(h) Nothing herein shall impair, as between the Company and the holder of this Note, the obligation of the Company, which is unconditional and absolute, to pay to the holder hereof the principal hereof and interest hereon in accordance with the terms and provisions hereof, nor shall anything herein prevent the holder of this Note from exercising all remedies otherwise permitted by applicable law hereunder upon default under this Note, subject, however, to the provisions of this Section 4.

(i) The holder of this Note shall not be subrogated to the rights of the Senior Debtholders to receive payments or distributions of assets of the Company until all amounts payable with respect to the Senior Debtholders shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the Senior Debtholders of any cash, property or securities to which the holder of this Note would be entitled except for these provisions shall, as between the Company, its creditors, other than the Senior Debtholders, and the holder of this Note, be deemed to be a payment by the Company to or on account of the Senior Debt. The subordination provisions of this Note are intended solely for the purpose of defining the relative rights of the holder of this Note, on the one hand, and the Senior Debtholders, on the other hand.

(j) The holder of this Note agrees that, in the event that all or any part of any payment made on account of the Senior Debt is recovered from the Senior Debtholders as a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law, any payment or distribution received by the holder of this Note on account of this Note at any time after the date of the payment so recovered, including payments received pursuant to a right of subrogation, shall be deemed to have been received by the holder of this Note in trust as the property of the Senior Debtholders, and the holder of this Note shall forthwith deliver the same to the Agent or any other representative on behalf of the Senior Debtholders for the equal and ratable benefit of the Senior Debtholders for application to payment of all Senior Debt in full.

(k) The holder of this Note hereby waives any and all notice in respect of the Senior Debt, present or future, and agrees and consents that without notice to or assent by any holder or holders of this Note:

(i) the obligation and liabilities of the Company or any other party or parties for or upon the Senior Debt (or any promissory note, security document or guaranty evidencing or securing the same) may, from time to time, in whole or in part, be renewed, extended, modified, amended, restated, accelerated, compromised, supplemented, terminated, sold, exchanged, waived or released;

(ii) the Senior Debtholders or any of their representatives under any agreement relating to the Senior Debt may exercise or refrain from exercising any right, remedy or power granted by or in connection with any agreements relating to the Senior Debt; and

(iii) any balance or balances of funds with any holders of the Senior Debt at any time standing to the credit of the Company may, from time to time, in whole or in part, be surrendered or released;

in each case as the Senior Debtholders or any of their representatives under any agreement relating to the Senior Debt may deem advisable and all without impairing,

abridging, diminishing, releasing or affecting the subordination of this Note to the Senior Debt provided for herein.

(l) No present or future Senior Debtholders shall be prejudiced in its right to enforce the subordination provisions contained herein in accordance with the terms hereof by any act or failure to act on the part of the Company or the holder of this Note. The subordination provisions contained herein are for the benefit of the Senior Debtholders from time to time and, so long as any Senior Debt is outstanding under any agreement, or any commitment to extend Senior Debt is in effect, may not be rescinded, canceled or modified in any way without the prior written consent thereto of all Senior Debtholders.

(m) The subordination and other provisions of this Section 4 shall be binding upon any holder of this Note and upon the successors and assigns of any holder of this Note; and all references herein to the holders of this Note shall be deemed to include any successor or successors or assigns, whether immediate or remote, to the holder of this Note.

(n) The failure to make a payment pursuant to this Note by reason of any provision in this Section 4 shall not in any way be construed as preventing the occurrence of an Event of Default. Nothing in this Section 4 shall have any effect on the right of the holder of this Note to accelerate the maturity of this Note.

SECTION 5. REPLACEMENT OF NOTE.

At the request of the holder hereof upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Note and, in case of loss, theft or destruction, of indemnity reasonably satisfactory to it, or, in the case of mutilation, upon surrender and cancelation of this Note, and in all cases upon reimbursement to the Company of all reasonable expenses incidental thereto, the Company shall make and deliver a new Note of like tenor in lieu of this Note. Any Note made and delivered in accordance with the provisions of this Section 5 shall be dated as of the date through which interest has been paid on this Note.

SECTION 6. AMENDMENTS AND WAIVERS.

With the written consent of the holder of this Note, any covenant, agreement or condition contained in this Note may be waived (either generally or in a particular instance and either retroactively or prospectively), or such holder and the Company may from time to time enter into agreements for the purpose of amending any covenant, agreement or condition of this Note or changing in any manner the rights of the holder of this Note; PROVIDED, HOWEVER, that neither the provisions of Section 4 nor the provisions of this Section 6 of this Note may be amended or modified without the prior written consent of all the Senior Debtholders. Any such amendment or waiver shall be binding upon each future holder of this Note and upon the Company. Upon the request of the Company, the holder hereof shall submit this Note to the Company so that this Note be marked to indicate such amendment or waiver, and any Note issued thereafter shall bear a similar notation referring to any such amendment or continuing waiver.

SECTION 7. EVENTS OF DEFAULT.

(a) An "Event of Default" occurs if:

(i) default shall be made in the payment of the principal of or cash interest on this Note, when and as the same shall become due and payable (but only, in the case of cash interest on this Note, if the payment thereof would be permitted under the provisions of Section 2(b) hereof), whether at the due date thereof or by acceleration thereof or otherwise and, with respect to the payment of cash interest on this Note, such default shall continue unremedied for 10 days;

(ii) the Company shall (A) apply for or consent to the appointment of a receiver, trustee or liquidator for itself or all or a substantial part of its property, (B) admit in writing its inability to pay its debts as they mature, (C) make a general assignment for the benefit of creditors, (D) be adjudicated as bankrupt or insolvent, or (E) file a voluntary petition in bankruptcy or petition or answer seeking a reorganization or an arrangement with its creditors, (F) take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute or file an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or (G) take any corporation action for the purpose of effecting any of the foregoing; or

(iii) an order, judgment or decree shall be entered, without the application, approval or consent of the Company, by any court of competent jurisdiction, approving a petition seeking reorganization of the Company or all or a substantial part of the assets of the Company, or appointing a receiver, trustee or liquidator of the Company, and such order, judgment or decree shall continue unstayed and in effect for any period of 60 days.

(b) If an Event of Default occurs, then the holder of this Note may, upon not less than 10 days' prior written notice to the Company and a representative of each class of Senior Debt (including, without limitation, the administrative agent under the Credit Agreement and the trustee in respect of the Senior Subordinated Notes), declare this Note to be forthwith due and payable, whereupon this Note shall, subject to the provisions of Section 4 hereof, become forthwith due and payable, both as to principal and interest, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

SECTION 8. EXTENSION OF MATURITY.

Should the principal of and interest on this Note become due and payable on other than a business day, the maturity hereof shall be extended to the next succeeding business day, and interest shall be payable at the rate per annum herein specified during such extension. The term "business day" shall mean any day that is not a Saturday, Sunday or other day on which banking institutions are not required by law or regulation to be open in the State of New York.

SECTION 9. TRANSFER AND EXCHANGE; SUCCESSORS AND ASSIGNS.

(a) Subject to the provisions of this Section 9, the holder of this Note (or any portion hereof) or any securities (or portion thereof) issued in respect of this Note may, prior to maturity or prepayment hereof or thereof, surrender this Note or such securities at the principal office of the Company for transfer or exchange. Any holder desiring to transfer or exchange this Note or any securities issued in respect of this Note shall first notify the Company in writing of such transfer or exchange at least two Business Days prior to the desired date of transfer or exchange. Within a reasonable time after such notice to the Company from a holder of its intention to make such exchange and without expense (other than transfer taxes, if any) to such holder, the Company shall, subject to this Section 9, issue in exchange therefor another Note or Notes, in such denominations as requested by the holder, for the same aggregate principal amount, as of the date of such issuance, as the unpaid principal amount of the Note or Notes so surrendered and having the same maturity and rate of interest, containing the same provisions and subject to the same terms and conditions as the Note or Notes so surrendered. Each new Note shall be made payable to such Person or Persons, or assigns, as the holder of such surrendered Note or Notes may designate, and such transfer or exchange shall be made in such a manner that no gain or loss of principal or interest shall result therefrom.

(b) By its acceptance of this Note, the holder of this Note agrees and acknowledges that the Company has informed such holder that:

(i) this Note has not been registered under the Securities Act and this Note, and any securities issued in respect of this Note, must be held indefinitely unless they are subsequently registered under the Securities Act or such sale is permitted pursuant to an available exemption from such registration requirement;

(ii) the offering and sale of this Note is intended to be exempt from registration under the Securities Act by virtue of the provisions of Section 4(2) of the Securities Act; and

(iii) there is no existing public or other market for this Note and there can be no assurance that any holder will be able to sell or dispose of this Note.

(c) By its acceptance of this Note, the holder of this Note represents and warrants to the Company that:

(i) this Note is being acquired for its own account not as a nominee or agent for any other person and without a view to the distribution thereof or any interest therein in violation of the Securities Act;

(ii) the holder is an "Accredited Investor" as such term is defined in Regulation D under the Securities Act and has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Notes, and such holder is capable of bearing the economic risks of such investment; and

(iii) the holder has been provided, to its satisfaction, the opportunity to ask questions concerning the terms and conditions of the offering and sale of this Note, has had all such questions answered to its satisfaction and has been supplied all additional information deemed necessary by it to verify the accuracy of the information furnished to it.

(d) The holder of this Note agrees and acknowledges that the Company will not issue or transfer this Note (or any portion hereof) or any securities (or portion thereof) issued in respect of this Note unless the person or entity to whom they are being issued or transferred shall first agree in a writing deposited with the secretary of the Company to be bound by the provisions of this Section 9.

(e) The provision of this Note shall be binding upon and inure to the benefit of the Company and its successors and permitted assigns and the holder of this Note and its successors and permitted assigns.

SECTION 10. DEFINED TERMS.

The following terms, as used herein, have the following respective meanings:

"Affiliate" shall have the meaning set forth in the Credit Agreement.

"Change of Control" has the meaning set forth in the Indenture.

"Credit Agreement" means the credit agreement dated as of August 4, 1999, among the Company, SCG Holding Corporation, the other subsidiaries of SCG Holding Corporation named therein, the lenders named therein and The Chase Manhattan Bank, as administrative agent, collateral agent and syndication agent, as amended, restated, supplemented, waived, replaced (whether or not upon termination and whether with the original lenders or otherwise) restructured, refinanced or otherwise modified from time to time (except as provided in the definition of Leverage Ratio).

"Equity Interests" shall have the meaning set forth in the Credit Agreement.

"Indebtedness" shall have the meaning set forth in the Credit Agreement.

"Indenture" means the Indenture dated August 4, 1999, as amended, restated, supplemented, waived, replaced (whether or not upon termination and whether with the original noteholders or otherwise), restructured, refinanced or otherwise modified from time to time, among the Company, SCG Holding Corporation and the Trustee (as defined therein).

"Leverage Ratio" has the meaning set forth in the Credit Agreement, as in effect on the date hereof.

"Senior Debt" means the principal of, premium (if any) and accrued and unpaid interest on (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization of the Company regardless of whether or not a claim for post-filing interest is allowed in such proceedings), and fees and other amounts owing in respect of, the Credit Agreement, the Senior Subordinated Notes and all other indebtedness of the Company for money borrowed whether outstanding on the date hereof or thereafter incurred, unless in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such obligations are subordinated in right of payment to this Note; PROVIDED, HOWEVER, that "Senior Debt" of the Company shall not include (i) unsecured trade debt of the Company, which shall rank PARI PASSU with this Note, (ii) any obligation of the Company (other than any obligation

with respect to any Senior Debt owing in respect of the Credit Agreement or the Senior Subordinated Notes) to any Affiliate of the Company, (iii) any liability for federal, state, local or other Taxes owed or owing by the Company, (iv) any obligations with respect to any Equity Interests of the Company, or (v) any Senior Debt incurred in violation of the instruments or agreements governing such Senior Debt or any other Indebtedness incurred in violation of the instruments or agreements governing the Senior Debt.

"Senior Subordinated Notes" means the 12% Senior Subordinated Notes issued under the Indenture.

"Taxes" shall have the meaning set forth in the Credit Agreement.

SECTION 11. GOVERNING LAW.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

IN WITNESS WHEREOF, the Company has duly executed and delivered this Note as of the date first written above.

SEMICONDUCTOR COMPONENTS
INDUSTRIES, LLC,

By: /s/ George H. Cave

Name: George H. Cave
Title: Assistant Secretary

EXHIBIT 4.5

SCG HOLDING CORPORATION
SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

$400,000,000

12% Senior Subordinated Notes due 2009

EXCHANGE OFFER AND REGISTRATION RIGHTS AGREEMENT

August 4, 1999

CHASE SECURITIES INC.
DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
LEHMAN BROTHERS INC.
c/o Chase Securities Inc.
270 Park Avenue, 4th floor
New York, New York 10017

Ladies and Gentlemen:

SCG Holding Corporation, a Delaware corporation (the "COMPANY"), and Semiconductor Components Industries, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company ("SCI LLC," and together with the Company, the "Issuers") propose to issue and sell to Chase Securities Inc. ("CSI"), Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers Inc. (together with CSI, the "INITIAL PURCHASERS"), upon the terms and subject to the conditions set forth in a purchase agreement dated August 4, 1999 (the "PURCHASE AGREEMENT"), $400,000,000 aggregate principal amount of its 12% Senior Subordinated Notes due 2009 (the "SECURITIES") to be jointly and severally guaranteed on a senior subordinated basis by certain of the Company's subsidiaries signatory hereto (the "GUARANTORS"). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Purchase Agreement.

As an inducement to the Initial Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to the obligations of the Initial Purchasers thereunder, the Issuers and the Guarantors agree with the Initial Purchasers, for the benefit of the holders (including the Initial Purchasers) of the Securities, the Exchange Securities (as defined herein) and the Private Exchange Securities (as defined herein) (collectively, the "HOLDERS"), as follows:

1. REGISTERED EXCHANGE OFFER. The Issuers and the Guarantors shall (a) prepare and, not later than 120 days following the date of original issuance of the Securities (the "ISSUE DATE"), file with the Commission a registration statement (the "EXCHANGE OFFER REGISTRATION STATEMENT") on an appropriate form under the Securities Act with respect to a proposed offer to the Holders of the Securities (the " REGISTERED EXCHANGE OFFER") to issue and deliver to such Holders, in exchange for the Securities, a like aggregate principal amount of debt securities of the Issuers (the "EXCHANGE SECURITIES") that are identical in all material respects to the Securities, except for the transfer restrictions relating to the Securities, (b) use their reasonable best efforts to cause the Exchange Offer Registration Statement to become effective

under the Securities Act no later than 180 days after the Issue Date and the Registered Exchange Offer to be consummated no later than 210 days after the Issue Date and (c) keep the Exchange Offer Registration Statement effective for not less than 30 days (or longer, if required by applicable law) after the date on which notice of the Registered Exchange Offer is mailed to the Holders, which period may be renewed in the reasonable judgment of the Issuers to enable more Holders to exchange their Securities, PROVIDED, that the Registered Exchange Offer is consummated no later than 210 days after the Issue Date (each such 30-day period being called the "EXCHANGE OFFER REGISTRATION PERIOD"). The Exchange Securities will be issued under the Indenture or an indenture (the "EXCHANGE SECURITIES INDENTURE") among the Issuers, the Guarantors and the Trustee or such other bank or trust company that is reasonably satisfactory to the Initial Purchasers, as trustee (the "EXCHANGE SECURITIES TRUSTEE"), such indenture to be identical in all material respects to the Indenture, except for the transfer restrictions relating to the Securities (as described above).

Upon the effectiveness of the Exchange Offer Registration Statement, the Issuers shall promptly commence the Registered Exchange Offer, it being the objective of such Registered Exchange Offer to enable each Holder electing to exchange Securities for Exchange Securities (assuming that such Holder (a) is not an affiliate of the Issuers or an Exchanging Dealer (as defined herein) not complying with the requirements of the next sentence, (b) is not an Initial Purchaser holding Securities that have, or that are reasonably likely to have, the status of an unsold allotment in an initial distribution, (c) acquires the Exchange Securities in the ordinary course of such Holder's business and (d) has no arrangements or understandings with any person to participate in the distribution of the Exchange Securities) and to trade such Exchange Securities from and after their receipt without any limitations or restrictions under the Securities Act and without material restrictions under the securities laws of the several states of the United States. The Issuers, the Guarantors and the Initial Purchasers acknowledge that, pursuant to current interpretations by the Commission's staff of Section 5 of the Securities Act, (i) each Holder that is a broker-dealer electing to exchange Securities, acquired for its own account as a result of market-making activities or other trading activities, for Exchange Securities (an "EXCHANGING DEALER"), is required to deliver a prospectus containing substantially the information set forth in Annex A hereto on the cover, in Annex B hereto in the "Exchange Offer Procedures" section and the "Purpose of the Exchange Offer" section and in Annex C hereto in the "Plan of Distribution" section of such prospectus in connection with a sale of any such Exchange Securities received by such Exchanging Dealer pursuant to the Registered Exchange Offer and (ii) if any Initial Purchaser elects to sell Exchange Securities acquired in Exchange for Securities constituting any portion of an unsold allotment, it is required to deliver a prospectus containing the information required by items 507 or 508 of Regulation S-K under the Securities Act and the Exchange Act ("Regulation S-K").

If, prior to the consummation of the Registered Exchange Offer, any Holder holds any Securities acquired by it that have, or that are reasonably likely to be determined to have, the status of an unsold allotment in an initial distribution, or any Holder is not entitled to participate in the Registered Exchange Offer, the Issuers shall, upon the request of any such Holder, simultaneously with the delivery of the Exchange Securities in the Registered Exchange Offer, issue and deliver to any such Holder, in exchange for the Securities held by such Holder (the "PRIVATE EXCHANGE"), a like aggregate principal amount of debt securities of the Issuers (the "PRIVATE EXCHANGE SECURITIES") that are identical in all material respects to the Exchange

Securities, except for the transfer restrictions relating to such Private Exchange Securities. The Private Exchange Securities will be issued under the same indenture as the Exchange Securities, and the Issuers shall use their reasonable best efforts to cause the Private Exchange Securities to bear the same CUSIP number as the Exchange Securities.

In connection with the Registered Exchange Offer, the Issuers shall:

(a) mail to each Holder a copy of the prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(b) keep the Registered Exchange Offer open for not less than 30 days (or longer, if required by applicable law) after the date on which notice of the Registered Exchange Offer is mailed to the Holders;

(c) utilize the services of a depositary for the Registered Exchange Offer with an address in the Borough of Manhattan, The City of New York;

(d) permit Holders to withdraw tendered Securities at any time prior to the close of business, New York City time, on the last business day on which the Registered Exchange Offer shall remain open; and

(e) otherwise comply in all respects with all laws that are applicable to the Registered Exchange Offer.

As soon as practicable after the close of the Registered Exchange Offer and any Private Exchange, as the case may be, the Issuers shall:

(a) accept for exchange all Securities tendered and not validly withdrawn pursuant to the Registered Exchange Offer and the Private Exchange;

(b) deliver to the Trustee for cancelation all Securities so accepted for exchange; and

(c) cause the Trustee or the Exchange Securities Trustee, as the case may be, promptly to authenticate and deliver to each Holder, Exchange Securities or Private Exchange Securities, as the case may be, equal in principal amount to the Securities of such Holder so accepted for exchange.

For purposes of this paragraph only, with respect to Holders who deliver Securities pursuant to the Registered Exchange Offer in any Exchange Offer Registration Period, the Registered Exchange Offer shall be deemed to have closed at the expiration of such Exchange Offer Registration Period whether or not the Issuers have exercised their right to renew such period pursuant to the first paragraph of this Section 1.

The Issuers and the Guarantors shall use their reasonable best efforts to keep the Exchange Offer Registration Statement effective and to amend and supplement the prospectus contained therein in order to permit such prospectus to be used by all persons subject to the

Prospectus delivery requirements of the Securities Act for such period of time as such persons must comply with such requirements in order to resell the Exchange Securities; PROVIDED that (a) in the case where such prospectus and any amendment or supplement thereto must be delivered by an Exchanging Dealer, such period shall be the lesser of 180 days and the date on which all Exchanging Dealers have sold all Exchange Securities held by them and (b) the Issuers shall make such prospectus and any amendment or supplement thereto available to any broker-dealer for use in connection with any resale of any Exchange Securities for a period of not less than 180 days after the consummation of the Registered Exchange Offer.

The Indenture or the Exchange Securities Indenture, as the case may be, shall provide that the Securities, the Exchange Securities and the Private Exchange Securities shall vote and consent together on all matters as one class and that none of the Securities, the Exchange Securities or the Private Exchange Securities will have the right to vote or consent as a separate class on any matter.

Interest on each Exchange Security and Private Exchange Security issued pursuant to the Registered Exchange Offer and in the Private Exchange will accrue from the last interest payment date on which interest was paid on the Securities surrendered in exchange therefor or, if no interest has been paid on the Securities, from the Issue Date.

Each Holder participating in the Registered Exchange Offer shall be required to represent to the Issuers that at the time of the consummation of the Registered Exchange Offer (a) any Exchange Securities received by such Holder will be acquired in the ordinary course of business, (b) such Holder will have no arrangements or understanding with any person to participate in the distribution of the Securities or the Exchange Securities within the meaning of the Securities Act, (c) such Holder is not an affiliate of the Issuers or, if it is such an affiliate, such Holder will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable and (d) if the Holder is not a broker-dealer, it is not engaged in, and does not intend to engage in, the distribution of the Exchange Securities and (e) if such person is an Exchanging Dealer, such person shall comply with the prospectus delivery requirements of the Securities Act.

Notwithstanding any other provisions hereof, the Issuers and the Guarantors will ensure that (a) any Exchange Offer Registration Statement and any amendment thereto and any prospectus forming part thereof and any supplement thereto complies in all material respects with the Securities Act and the rules and regulations of the Commission thereunder, (b) any Exchange Offer Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (c) any prospectus forming part of any Exchange Offer Registration Statement, and any supplement to such prospectus, does not, as of the consummation of the Registered Exchange Offer, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

2. SHELF REGISTRATION. If (a) because of any change in law or applicable interpretations thereof by the Commission's staff the Issuers are not permitted to effect the

Registered Exchange Offer as contemplated by Section 1 hereof, (b) any Securities validly tendered pursuant to the Registered Exchange Offer are not exchanged for Exchange Securities within 210 days after the Issue Date, (c) any Initial Purchaser so requests with respect to Securities or Private Exchange Securities not eligible to be exchanged for Exchange Securities in the Registered Exchange Offer and held by it following the consummation of the Registered Exchange Offer, (d) any applicable law or interpretations do not permit any Holder to participate in the Registered Exchange Offer, (e) any Holder that participates in the Registered Exchange Offer does not receive freely transferable Exchange Securities in exchange for tendered Securities (the obligation to comply with a prospectus delivery requirement being understood not to constitute a restriction or transferability), or (f) the Issuers so elect, then the following provisions shall apply:

(a) The Issuers and the Guarantors shall use their reasonable best efforts to file as promptly as practicable (but in no event more than 60 days after so required or requested pursuant to this Section 2) with the Commission, and thereafter shall use their reasonable best efforts to cause to be declared effective within 180 days after so required or requested pursuant to this Section 2, a shelf registration statement on an appropriate form under the Securities Act relating to the offer and sale of the Transfer Restricted Securities (as defined below) by the Holders thereof from time to time in accordance with the methods of distribution set forth in such registration statement (hereafter, a "SHELF REGISTRATION STATEMENT" and, together with any Exchange Offer Registration Statement, a "REGISTRATION STATEMENT"); PROVIDED, HOWEVER, that no Holder of Transfer Restricted Securities (other than the Initial Purchasers) shall be entitled to have Transfer Restricted Securities held by it covered by such Shelf Registration Statement unless such Holder agrees in writing to be bound by all the provisions of this Agreement applicable to such Holder.

(b) The Issuers and the Guarantors shall use their reasonable best efforts to keep the Shelf Registration Statement continuously effective in order to permit the prospectus forming part thereof to be used by Holders of Transfer Restricted Securities for a period ending on the earlier of (i) two years from the Issue Date or such shorter period that will terminate when all the Transfer Restricted Securities covered by the Shelf Registration Statement have been sold pursuant thereto and (ii) the date on which the Securities become eligible for resale without volume restrictions pursuant to Rule 144 under the Securities Act (in any such case, such period being called the "SHELF REGISTRATION PERIOD"). The Issuers and the Guarantors shall be deemed not to have used their reasonable best efforts to keep the Shelf Registration Statement effective during the requisite period if any of them voluntarily takes any action that would result in Holders of Transfer Restricted Securities covered thereby not being able to offer and sell such Transfer Restricted Securities during that period, unless such action is required by applicable law; PROVIDED, HOWEVER, that the foregoing shall not apply to actions taken by the Issuers and the Guarantors in good faith and for valid business reasons (not including avoidance of their obligations hereunder), including, without limitation, the acquisition or divestiture of assets, so long as the Company and the Guarantors within 30 days thereafter comply with the requirements of Section 4(j) hereof. Any such period during which the Issuers and the Guarantors fail to keep the Shelf Registration Statement effective and usable for offers and sales of Transfer Restricted Securities is referred to as

a "Suspension Period." A Suspension Period shall commence on and include the date that the Issuers and Guarantors give notice that the Shelf Registration Statement is no longer effective or the prospectus included therein is no longer usable for offers and sales of Transfer Restricted Securities and shall end on the date when each holder of Transfer Restricted Securities covered by such registration statement either receives the copies of the supplemented or amended prospectus contemplated by Section 4(j) hereof or is advised in writing by the Issuers and the Guarantors that use of the prospectus may be resumed. If one or more Suspension Periods occur, the two-year time period referenced above shall be extended by the aggregate of the number of days included in each Suspension Period. Notwithstanding the foregoing, not more than two Suspension Periods may occur in any period of 360 consecutive days.

(c) Notwithstanding any other provisions hereof, the Issuers and the Guarantors will cause (i) any Shelf Registration Statement and any amendment thereto and any prospectus forming part thereof and any supplement thereto to comply in all material respects with the Securities Act and the rules and regulations of the Commission thereunder, (ii) any Shelf Registration Statement and any amendment thereto (in either case, other than with respect to information included therein in reliance upon or in conformity with written information furnished to the Issuers by or on behalf of any Holder specifically for use therein (the "HOLDERS' INFORMATION")) not to contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any prospectus forming part of any Shelf Registration Statement, and any supplement to such prospectus (in either case, other than with respect to Holders' Information), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3. LIQUIDATED DAMAGES. (a) The parties hereto agree that the Holders of Transfer Restricted Securities will suffer damages if the Issuers and the Guarantors fail to fulfill their obligations under Section 1 or Section 2, as applicable, and that it would not be feasible to ascertain the extent of such damages. Accordingly, if (i) the applicable Registration Statement is not filed with the Commission on or prior to 120 days after the Issue Date, (ii) the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, is not declared effective within 180 days after the Issue Date (or in the case of a Shelf Registration Statement required to be filed in response to a change in law or the applicable interpretations of Commission's staff, if later, within 60 days after publication of the change in law or interpretation), (iii) the Registered Exchange Offer is not consummated on or prior to 210 days after the Issue Date, or (iv) the Shelf Registration Statement is filed and declared effective within 180 days after the Issue Date (or in the case of a Shelf Registration Statement required to be filed in response to a change in law or the applicable interpretations of Commission's staff, if later, within 60 days after publication of the change in law or interpretation) but shall thereafter cease to be effective (at any time that the Issuers and the Guarantors are obligated to maintain the effectiveness thereof) without being succeeded within 30 days by an additional Registration Statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "REGISTRATION DEFAULT"), the Issuers and the Guarantors will be jointly and severally obligated to pay liquidated damages to each Holder of Transfer Restricted Securities, during the period of one

or more such Registration Defaults, in an amount equal to $0.192 per week per $1,000 principal amount of Transfer Restricted Securities held by such Holder until (i) the applicable Registration Statement is filed, (ii) the Exchange Offer Registration Statement is declared effective and the Registered Exchange Offer is consummated, (iii) the Shelf Registration Statement is declared effective or (iv) the Shelf Registration Statement again becomes effective, as the case may be. Following the cure of all Registration Defaults, the accrual of liquidated damages will cease. As used herein, the term "TRANSFER RESTRICTED SECURITIES" means (i) each Security until the date on which such Security has been exchanged for a freely transferable Exchange Security in the Registered Exchange Offer, (ii) each Security or Private Exchange Security until the date on which it has been effectively registered under the Securities Act and is eligible to be disposed of in accordance with the Shelf Registration Statement or (iii) each Security or Private Exchange Security until the date on which it is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act. Notwithstanding anything to the contrary in this Section 3(a), the Issuers shall not be required to pay liquidated damages (i) during any Suspension Period or (ii) to a Holder of Transfer Restricted Securities if such Holder failed to comply with its obligations to make the representations set forth in the second to last paragraph of Section 1 or failed to provide the information required to be provided by it, if any, pursuant to Section 4(n).

(b) The Issuers shall notify the Trustee and the Paying Agent under the Indenture immediately upon the happening of each and every Registration Default. The Issuers and the Guarantors shall pay the liquidated damages due on the Transfer Restricted Securities by depositing with the Paying Agent (which may not be the Issuers for these purposes), in trust, for the benefit of the Holders thereof, prior to 10:00 a.m., New York City time, on the next interest payment date specified by the Indenture and the Securities, sums sufficient to pay the liquidated damages then due. The liquidated damages due shall be payable on each interest payment date specified by the Indenture and the Securities to the record holder entitled to receive the interest payment to be made on such date. Each obligation to pay liquidated damages shall be deemed to accrue from and including the date of the applicable Registration Default to but excluding the date of cure thereof.

(c) The parties hereto agree that the liquidated damages provided for in this Section 3 constitute a reasonable estimate of and are intended to constitute the sole damages that will be suffered by Holders of Transfer Restricted Securities by reason of the failure of (i) the Shelf Registration Statement or the Exchange Offer Registration Statement to be filed, (ii) the Shelf Registration Statement to remain effective or (iii) the Exchange Offer Registration Statement to be declared effective and the Registered Exchange Offer to be consummated, in each case to the extent required by this Agreement.

4. REGISTRATION PROCEDURES. In connection with any Registration Statement, the following provisions shall apply:

(a) The Issuers shall (i) furnish to each Initial Purchaser, prior to the filing thereof with the Commission, a copy of the Registration Statement and each amendment thereof and each supplement, if any, to the prospectus included therein and shall use its reasonable best efforts to reflect in each such document, when so filed with the Commission, such comments as any Initial Purchaser may reasonably and timely

propose; (ii) include the information set forth in Annex A hereto on the cover, in Annex B hereto in the "Exchange Offer Procedures" section and the "Purpose of the Exchange Offer" section and in Annex C hereto in the "Plan of Distribution" section of the prospectus forming a part of the Exchange Offer Registration Statement, and include the information set forth in Annex D hereto in the Letter of Transmittal delivered pursuant to the Registered Exchange Offer; and (iii) if requested by any Initial Purchaser, include the information required by Items 507 or 508 of Regulation S-K, as applicable, in the prospectus forming a part of the Exchange Offer Registration Statement.

(b) The Issuers shall advise each Initial Purchaser, each Exchanging Dealer and the Holders (if applicable) and, if requested by any such person, confirm such advice in writing (which advice pursuant to clauses (ii)-(v) hereof shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made):

(i) when any Registration Statement and any amendment thereto has been filed with the Commission and when such Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for amendments or supplements to any Registration Statement or the prospectus included therein or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of any Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Issuers of any notification with respect to the suspension of the qualification of the Securities, the Exchange Securities or the Private Exchange Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(v) of the happening of any event that requires the making of any changes in any Registration Statement or the prospectus included therein in order that the statements therein are not misleading and do not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(c) The Issuers and the Guarantors will make every reasonable effort to obtain the withdrawal at the earliest possible time of any order suspending the effectiveness of any Registration Statement.

(d) The Issuers will furnish to each Holder of Transfer Restricted Securities included within the coverage of any Shelf Registration Statement, without charge, at least one conformed copy of such Shelf Registration Statement and any post-effective amendment thereto, including financial statements and schedules and, if any such Holder so requests in writing, all exhibits thereto (including those, if any, incorporated by reference).

(e) The Issuers will, during the Shelf Registration Period, promptly deliver to each Holder of Transfer Restricted Securities included within the coverage of any Shelf Registration Statement, without charge, as many copies of the prospectus (including each preliminary prospectus) included in such Shelf Registration Statement and any amendment or supplement thereto as such Holder may reasonably and timely request; and the Issuers consent to the use of such prospectus or any amendment or supplement thereto by each of the selling Holders of Transfer Restricted Securities in connection with the offer and sale of the Transfer Restricted Securities covered by such prospectus or any amendment or supplement thereto.

(f) The Issuers will furnish to each Initial Purchaser, Exchanging Dealer or other Holder who so requests, without charge, at least one conformed copy of the Exchange Offer Registration Statement and any post-effective amendment thereto, including financial statements and schedules and, if any Initial Purchaser or Exchanging Dealer or any such Holder so requests in writing, all exhibits thereto (including those, if any, incorporated by reference).

(g) The Issuers will, during the Exchange Offer Registration Period or the Shelf Registration Period, as applicable, promptly deliver to each Initial Purchaser, each Exchanging Dealer and such other persons that are required to deliver a prospectus following the Registered Exchange Offer, without charge, as many copies of the final prospectus included in the Exchange Offer Registration Statement or the Shelf Registration Statement and any amendment or supplement thereto as such Initial Purchaser, Exchanging Dealer or other persons may reasonably and timely request; and the Issuers and the Guarantors consent to the use of such prospectus or any amendment or supplement thereto by any such Initial Purchaser, Exchanging Dealer or other persons, as applicable, as aforesaid.

(h) Prior to the effective date of any Registration Statement required hereunder to be filed, the Issuers and the Guarantors will use their reasonable best efforts to register or qualify, or cooperate with the Holders of Securities, Exchange Securities or Private Exchange Securities included therein and their respective counsel in connection with the registration or qualification of, such Securities, Exchange Securities or Private Exchange Securities for offer and sale under the securities or blue sky laws of such jurisdictions as any such Holder reasonably requests in writing and do any and all other acts or things necessary or advisable to enable the offer and sale in such jurisdictions of the Securities, Exchange Securities or Private Exchange Securities covered by such Registration Statement; PROVIDED that the Issuers and the Guarantors will not be required to qualify generally to do business in any jurisdiction where they are not then so qualified or to take any action which would subject them to general service of process or to taxation in any such jurisdiction where they are not then so subject.

(i) The Issuers and the Guarantors will cooperate with the Holders of Securities, Exchange Securities or Private Exchange Securities to facilitate the timely preparation and delivery of certificates representing Securities, Exchange Securities or Private Exchange Securities to be sold pursuant to any Registration Statement required hereunder to be filed free of any restrictive legends and in such denominations and

registered in such names as the Holders thereof may request in writing prior to sales of Securities, Exchange Securities or Private Exchange Securities pursuant to such Registration Statement.

(j) If (i) any event contemplated by Section 4(b)(ii) through (v) occurs during the period for which the Issuers and the Guarantors are required to maintain an effective Registration Statement or (ii) any Suspension Period remains in effect more than 30 days after the commencement thereof, the Issuers and the Guarantors will promptly prepare and file with the Commission a post-effective amendment to the Registration Statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to purchasers of the Securities, Exchange Securities or Private Exchange Securities from a Holder, the prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) Not later than the effective date of the applicable Registration Statement, the Issuers will provide a CUSIP number for the Securities, the Exchange Securities and the Private Exchange Securities, as the case may be, and provide the applicable trustee with printed certificates for the Securities, the Exchange Securities or the Private Exchange Securities, as the case may be, in a form eligible for deposit with The Depository Trust Company.

(l) The Issuers and the Guarantors will comply with all applicable rules and regulations of the Commission and the Issuers will make generally available to its security holders as soon as practicable after the effective date of the applicable Registration Statement an earning statement satisfying the provisions of Section 11(a) of the Securities Act; PROVIDED that in no event shall such earning statement be delivered later than 45 days after the end of a 12-month period (or 90 days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the applicable Registration Statement, which statement shall cover such 12-month period.

(m) The Issuers and the Guarantors will cause the Indenture or the Exchange Securities Indenture, as the case may be, to be qualified under the Trust Indenture Act as required by applicable law in a timely manner.

(n) The Issuers may require each Holder of Transfer Restricted Securities to be registered pursuant to any Shelf Registration Statement to furnish to the Issuers such information concerning the Holder and the distribution of such Transfer Restricted Securities as the Issuers may from time to time reasonably require for inclusion in such Shelf Registration Statement, and the Issuers may exclude from such registration the Transfer Restricted Securities of any Holder that fails to furnish such information within a reasonable time after receiving such request.

(o) In the case of a Shelf Registration Statement, each Holder of Transfer Restricted Securities to be registered pursuant thereto agrees by acquisition of such Transfer Restricted Securities that, upon receipt of any notice from the Issuers pursuant to

Section 4(b)(ii) through (v), such Holder will discontinue disposition of such Transfer Restricted Securities until such Holder's receipt of copies of the supplemental or amended prospectus contemplated by Section 4(j) or until advised in writing (the "ADVICE") by the Issuers that the use of the applicable prospectus may be resumed. If the Issuers shall give any notice under Section 4(b)(ii) through (v) during the period that the Issuers are required to maintain an effective Registration Statement (the "EFFECTIVENESS PERIOD"), such Effectiveness Period shall be extended by the number of days during such period from and including the date of the giving of such notice to and including the date when each seller of Transfer Restricted Securities covered by such Registration Statement shall have received (i) the copies of the supplemental or amended prospectus contemplated by Section 4(j) (if an amended or supplemental prospectus is required) or (ii) the Advice (if no amended or supplemental prospectus is required).

(p) In the case of a Shelf Registration Statement, the Issuers and the Guarantors shall enter into such customary agreements (including, if requested, an underwriting agreement in customary form) and take all such other customary action, if any, as Holders of a majority in aggregate principal amount of the Securities, Exchange Securities and Private Exchange Securities being sold or the managing underwriters (if any) shall reasonably request in order to facilitate any disposition of Securities, Exchange Securities or Private Exchange Securities pursuant to such Shelf Registration Statement.

(q) In the case of a Shelf Registration Statement, the Issuers shall (i) make reasonably available for inspection by a representative of, and Special Counsel (as defined below) acting for, Holders of a majority in aggregate principal amount of the Securities, Exchange Securities and Private Exchange Securities being sold and any underwriter participating in any disposition of Securities, Exchange Securities or Private Exchange Securities pursuant to such Shelf Registration Statement, at the office where normally kept, during reasonable business hours all relevant financial and other records, pertinent corporate documents and properties of the Issuers and their respective subsidiaries and (ii) use their reasonable best efforts to have their officers, directors, employees, accountants and counsel supply all relevant information reasonably requested by such representative, Special Counsel or any such underwriter (an "INSPECTOR") in connection with such Shelf Registration Statement; PROVIDED, HOWEVER, that such persons shall first agree in writing with the Issuers and the Guarantors that any information that is in good faith designated by the Issuers and the Guarantors in writing as confidential at the time of delivery of such information shall be kept confidential by such persons, unless (i) disclosure of such information is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities, (ii) disclosure of such information is required by law (including any disclosure requirements pursuant to federal securities laws in connection with the filing of such Shelf Registration Statement or the use of any Prospectus), (iii) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard such information by such person or (iv) such information becomes available to such person from a source other than the Issuers and their subsidiaries and the Guarantors and such source is not bound by a confidentiality agreement; PROVIDED FURTHER that each such person will also be required to further agree in writing that (i) it will, upon learning that disclosure of such information is sought in a court of competent jurisdiction, if legally permitted, give notice to the Issuers

and the Guarantors and allow the Issuers and the Guarantors at their expense to undertake appropriate action to prevent disclosure of such information deemed confidential and (ii) it will not use such information in violation of any securities laws.

(r) In the case of a Shelf Registration Statement, the Issuers shall, if requested by Holders of a majority in aggregate principal amount of the Securities, Exchange Securities and Private Exchange Securities being sold, their Special Counsel or the managing underwriters (if any) in connection with such Shelf Registration Statement, use their reasonable best efforts to cause (i) their counsel, who may be inside counsel, to deliver an opinion relating to the Shelf Registration Statement and the Securities, Exchange Securities or Private Exchange Securities, as applicable, in customary form, (ii) their officers to execute and deliver all customary documents and certificates requested by Holders of a majority in aggregate principal amount of the Securities, Exchange Securities and Private Exchange Securities being sold, their Special Counsel or the managing underwriters (if any) and (iii) their independent public accountants to provide a comfort letter or letters in customary form, subject to receipt of appropriate documentation as contemplated, and only if permitted, by Statement of Auditing Standards No. 72.

5. REGISTRATION EXPENSES. The Issuers and the Guarantors will jointly and severally bear all expenses incurred in connection with the performance of their obligations under Sections 1, 2, 3 and 4 and the Issuers will reimburse the Initial Purchasers and the Holders for the reasonable fees and disbursements of one firm of attorneys (in addition to any local counsel) chosen by the Holders of a majority in aggregate principal amount of the Securities, the Exchange Securities and the Private Exchange Securities to be sold pursuant to each Registration Statement (the "SPECIAL COUNSEL") acting for the Initial Purchasers or Holders in connection therewith.

6. INDEMNIFICATION. (a) In the event of a Shelf Registration Statement or in connection with any prospectus delivery pursuant to an Exchange Offer Registration Statement by an Initial Purchaser or Exchanging Dealer, as applicable, the Issuers and the Guarantors shall jointly and severally indemnify and hold harmless each Holder (including, without limitation, any such Initial Purchaser or Exchanging Dealer), its affiliates, their respective officers, directors, employees, representatives and agents, and each person, if any, who controls such Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively referred to for purposes of this Section 6 and Section 7 as a Holder) from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof (including, without limitation, any loss, claim, damage, liability or action relating to purchases and sales of Securities, Exchange Securities or Private Exchange Securities), to which that Holder may become subject, whether commenced or threatened, under the Securities Act, the Exchange Act, any other federal or state statutory law or regulation, at common law or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in any such Registration Statement or any prospectus forming part thereof or in any amendment or supplement thereto or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and shall reimburse each Holder

promptly upon demand for any documented out-of-pocket legal or other expenses reasonably incurred by that Holder in connection with investigating or defending or preparing to defend against or appearing as a third party witness in connection with any such loss, claim, damage, liability or action as such expenses are incurred; PROVIDED, HOWEVER, that the Issuers and the Guarantors shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with any Holders' Information; and PROVIDED, FURTHER, that with respect to any such untrue statement in or omission from any related preliminary prospectus, the indemnity agreement contained in this Section 6(a) shall not inure to the benefit of any Holder from whom the person asserting any such loss, claim, damage, liability or action received Securities, Exchange Securities or Private Exchange Securities to the extent that such loss, claim, damage, liability or action of or with respect to such Holder results from the fact that both (A) a copy of the final prospectus was not sent or given to such person at or prior to the written confirmation of the sale of such Securities, Exchange Securities or Private Exchange Securities to such person and (B) the untrue statement in or omission from the related preliminary prospectus was corrected in the final prospectus unless, in either case, such failure to deliver the final prospectus was a result of non-compliance by the Issuers or the Guarantors with Section 4(d), 4(e), 4(f) or 4(g).

(b) In the event of a Shelf Registration Statement, each Holder shall indemnify and hold harmless each of the Issuers, their affiliates, their respective officers, directors, employees, representatives and agents, and each person, if any, who controls any Issuer within the meaning of the Securities Act or the Exchange Act (collectively referred to for purposes of this Section 6(b) and Section 7 as an Issuer), from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof, to which that Issuer may become subject, whether commenced or threatened, under the Securities Act, the Exchange Act, any other federal or state statutory law or regulation, at common law or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in any such Registration Statement or any prospectus forming part thereof or in any amendment or supplement thereto or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with any Holders' Information furnished to the Issuers by such Holder, and shall reimburse that Issuer for any legal or other documented out-of-pocket expenses reasonably incurred by that Issuer in connection with investigating or defending or preparing to defend against or appearing as a third party witness in connection with any such loss, claim, damage, liability or action as such expenses are incurred; PROVIDED, HOWEVER, that no such Holder shall be liable for any indemnity claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Securities, Exchange Securities or Private Exchange Securities pursuant to such Shelf Registration Statement.

(c) Promptly after receipt by an indemnified party under this Section 6 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party pursuant to Section 6(a) or 6(b),

notify the indemnifying party in writing of the claim or the commencement of that action; PROVIDED, HOWEVER, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have under this Section 6 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and PROVIDED FURTHER that the failure to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 6. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 6 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than the reasonable documented out-of-pocket costs of investigation; PROVIDED, HOWEVER, that an indemnified party shall have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel for the indemnified party will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded (based upon advice of counsel to the indemnified party) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (3) a conflict or potential conflict exists (based upon advice of counsel to the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (4) the indemnifying party has not in fact employed counsel reasonably satisfactory to the indemnified party to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable documented out-of-pocket fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees, disbursements and other charges of more than one separate firm of attorneys (in addition to any local counsel) at any one time for all such indemnified party or parties. Each indemnified party, as a condition of the indemnity agreements contained in Sections 6(a) and 6(b), shall use all reasonable efforts to cooperate with the indemnifying party in the defense of any such action or claim. No indemnifying party shall be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with its written consent or if there be a final judgment for the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party (which consent shall not be unreasonably withheld), effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement (i) does not contain an admission of fault or wrongdoing and (ii) includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

7. CONTRIBUTION. If the indemnification provided for in Section 6 is unavailable or insufficient to hold harmless an indemnified party under Section 6(a) or 6(b), then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Issuers from the offering and sale of the Securities, on the one hand, and a Holder with respect to the sale by such Holder of Securities, Exchange Securities or Private Exchange Securities, on the other, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuers and the Guarantors, on the one hand, and such Holder, on the other, with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Issuers and the Guarantors, on the one hand, and a Holder, on the other, with respect to such offering and such sale shall be deemed to be in the same proportion as the total net proceeds from the offering of the Securities (before deducting expenses) received by or on behalf of the Issuers, on the one hand, bear to the total proceeds received by such Holder with respect to its sale of Securities, Exchange Securities or Private Exchange Securities, on the other. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to the Issuers and the Guarantors or information supplied by the Issuers and the Guarantors, on the one hand, or to any Holders' Information supplied by such Holder, on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 7 were to be determined by PRO RATA allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 7 shall be deemed to include, for purposes of this Section 7, any documented out-of-pocket legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending or preparing to defend any such action or claim. Notwithstanding the provisions of this Section 7, an indemnifying party that is a Holder of Securities, Exchange Securities or Private Exchange Securities shall not be required to contribute any amount in excess of the amount by which the total price at which the Securities, Exchange Securities or Private Exchange Securities sold by such indemnifying party to any purchaser exceeds the amount of any damages which such indemnifying party has otherwise paid or become liable to pay by reason of any untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

8. RULES 144 AND 144A. The Issuers shall use their reasonable best efforts to file the reports required to be filed by them under the Securities Act and the Exchange Act in a timely manner and, if at any time the Issuers are not required to file such reports, they will, upon the written request of any Holder of Transfer Restricted Securities, make publicly available other information so long as necessary to permit sales of such Holder's securities pursuant to Rules 144 and 144A. The Issuers and the Guarantors covenant that they will take such further action as

any Holder of Transfer Restricted Securities may reasonably request, all to the extent required from time to time to enable such Holder to sell Transfer Restricted Securities without registration under the Securities Act within the limitation of the exemptions provided by Rules 144 and 144A (including, without limitation, the requirements of Rule 144A(d)(4)). Upon the written request of any Holder of Transfer Restricted Securities, the Issuers and the Guarantors shall deliver to such Holder a written statement as to whether they have complied with such requirements. Notwithstanding the foregoing, nothing in this Section 8 shall be deemed to require the Issuers to register any of their securities pursuant to the Exchange Act nor shall it be deemed to require any Guarantor to file reports with the Commission or make public any information that it would not be required by law to file or make available.

9. UNDERWRITTEN REGISTRATIONS. (a) If any of the Transfer Restricted Securities covered by any Shelf Registration Statement are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by the Holders of a majority in aggregate principal amount of such Transfer Restricted Securities included in such offering, subject to the consent of the Issuers (which shall not be unreasonably withheld or delayed), and such Holders shall be responsible for all underwriting commissions and discounts in connection therewith.

(b) No person may participate in any underwritten registration hereunder unless such person (i) agrees to sell such person's Transfer Restricted Securities on the basis reasonably provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

10. MISCELLANEOUS. (a) AMENDMENTS AND WAIVERS. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Issuers have obtained the written consent of Holders of a majority in aggregate principal amount of the Securities, the Exchange Securities and the Private Exchange Securities, taken as a single class. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders whose Securities, Exchange Securities or Private Exchange Securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders may be given by Holders of a majority in aggregate principal amount of the Securities, the Exchange Securities and the Private Exchange Securities being sold by such Holders pursuant to such Registration Statement.

(b) NOTICES. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail, telecopier or air courier guaranteeing next-day delivery:

(i) if to a Holder, at the most current address given by such Holder to the Issuers in accordance with the provisions of this Section 10(b), which address initially is, with respect to each Holder, the address of such Holder maintained by the Registrar under the Indenture, with a copy in like manner to the Initial Purchasers;

(ii) if to an Initial Purchaser, initially at its address set forth in the Purchase Agreement; and

(iii) if to an Issuer, initially at the address of the Company set forth in the Purchase Agreement.

All such notices and communications shall be deemed to have been duly given as follows: when delivered by hand, if personally delivered; one business day after being delivered to a next-day air courier; five business days after being deposited in the mail; and when receipt is acknowledged by the recipient's telecopier machine, if sent by telecopier.

(c) SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon the Issuers and their successors and assigns.

(d) COUNTERPARTS. This Agreement may be executed in any number of counterparts (which may be delivered in original form or by telecopier) and by the 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 agreement.

(e) DEFINITION OF TERMS. For purposes of this Agreement, (a) the term "business day" means any day on which the New York Stock Exchange, Inc. is open for trading, (b) the term "subsidiary" has the meaning set forth in Rule 405 under the Securities Act and (c) except where otherwise expressly provided, the term "affiliate" has the meaning set forth in Rule 405 under the Securities Act.

(f) HEADINGS. The headings in this Agreement are inserted for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(g) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW PROVISIONS THEREOF, OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK.

(h) REMEDIES. In the event of a breach by any Issuer, any Guarantor or by any Holder of any of their obligations under this Agreement, each Holder, the Issuers or any Guarantor, as the case may be, in addition to being entitled to exercise all rights granted by law, including recovery of damages (other than the recovery of damages for a breach by any Issuer or any Guarantor of its obligations under Sections 1 or 2 hereof for which liquidated damages have been paid pursuant to Section 3 hereof), will be entitled to specific performance of its rights under this Agreement. The Issuers, the Guarantors and each Holder agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by each such person of any of the provisions of this Agreement and hereby further agree that, in the event of any action for specific performance in respect of such breach, each such person shall waive the defense that a remedy at law would be adequate.

(i) NO INCONSISTENT AGREEMENTS. Each of the Issuers and Guarantors represents, warrants and agrees that (i) it has not entered into, shall not, on or after the date of

this Agreement, enter into any agreement that is inconsistent with the rights granted to the Holders of Transfer Restricted Securities in this Agreement or otherwise conflicts with the provisions hereof, (ii) it has not previously entered into any agreement which remains in effect granting any registration rights with respect to any of its debt securities to any person and (iii) (with respect to the Issuers only) without limiting the generality of the foregoing, without the written consent of the Holders of a majority in aggregate principal amount of the then outstanding Transfer Restricted Securities, it shall not grant to any person the right to request either of the Issuers to register any debt securities of either of the Issuers under the Securities Act unless the rights so granted are not in conflict or inconsistent with the provisions of this Agreement.

(j) NO PIGGYBACK ON REGISTRATIONS. Neither the Issuers nor any of their security holders (other than the Holders of Transfer Restricted Securities in such capacity) shall have the right to include any securities of the Issuers in any Shelf Registration or Registered Exchange Offer other than Transfer Restricted Securities.

(k) SEVERABILITY. The remedies provided herein are cumulative and not exclusive of any remedies provided by law. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

Please confirm that the foregoing correctly sets forth the agreement among the Issuers, the Guarantors and the Initial Purchasers.

Very truly yours,

SCG HOLDING CORPORATION,
SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC,
SCG (MALAYSIA SMP) HOLDING CORPORATION,
SCG (CZECH) HOLDING CORPORATION,
SCG (CHINA) HOLDING CORPORATION,
SEMICONDUCTOR COMPONENTS INDUSTRIES
PUERTO RICO, INC.,
SCG INTERNATIONAL DEVELOPMENT LLC,

By /s/ George H. Cave

Name: George H. Cave
Title: Assistant Secretary

Accepted:

CHASE SECURITIES INC.

By /s/ James C. Neary

Authorized Signatory

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

By /s/ Navid Mahmoodzadegan

Authorized Signatory

LEHMAN BROTHERS INC.

By /s/ Michael J. Konigsberg

Authorized Signatory

ANNEX A

Each broker-dealer that receives Exchange Securities for its own account pursuant to the Registered Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Securities received in exchange for Securities where such Securities were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Issuers have agreed that, for a period of 180 days after the Expiration Date (as defined herein), it will make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

Each broker-dealer that receives Exchange Securities for its own account in exchange for Securities, where such Securities were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. See "Plan of Distribution."

ANNEX C

PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Securities for its own account pursuant to the Registered Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Securities received in exchange for Securities where such Securities were acquired as a result of market-making activities or other trading activities. The Issuers have agreed that, for a period of 180 days after the Expiration Date, they will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until [ ], all dealers effecting transactions in the Exchange Securities may be required to deliver a prospectus.

The Issuers will not receive any proceeds from any sale of Exchange Securities by broker-dealers. Exchange Securities received by broker-dealers for their own account pursuant to the Registered Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Securities or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such Exchange Securities. Any broker-dealer that resells Exchange Securities that were received by it for its own account pursuant to the Registered Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Securities may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of Exchange Securities and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 180 days after the Expiration Date the Issuers will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Issuers have agreed to pay all expenses incident to the Registered Exchange Offer (including the expenses of one counsel for the Holders of the Securities) other than commissions or concessions of any broker-dealers and will indemnify the Holders of the Securities (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

/ / CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name:
Address:

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Securities. If the undersigned is a broker-dealer that will receive Exchange Securities for its own account in exchange for Securities that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Exchange Securities; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

EXHIBIT 5.1

[Letterhead of Cleary, Gottlieb, Steen & Hamilton]

November 5, 1999

SCG Holding Corporation
5005 E. McDowell Road
Phoenix, AZ 85008

Re: REGISTRATION STATEMENT ON FORM S-4

Ladies and Gentlemen:

We have acted as your counsel and counsel to certain of your subsidiaries named as registrants (you and such subsidiaries collectively, the "Registrants") in the Registration Statement on Form S-4 (the "Registration Statement") filed today with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Act"), in respect of the 12% Senior Subordinated Notes due 2009 (the "Exchange Notes"), to be offered in exchange for all outstanding 12% Senior Subordinated Notes due 2009 (the "Initial Notes"). The Exchange Notes will be issued pursuant to an indenture (the "Indenture"), dated as of August 4, 1999, among the Registrants and State Street Bank and Trust Company, as trustee.

We have participated in the preparation of the Registration Statement and have reviewed originals or copies certified or otherwise identified to our satisfaction of such documents and records of SCG Holding Corporation and its subsidiaries (together, the "Company") and such other instruments and other certificates of public officials, officers and representatives of the Company and such other persons, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinions expressed below.

Based on the foregoing, and subject to the further assumptions and qualifications set forth below, it is our opinion that when the Exchange Notes, in the form filed as an exhibit to the Registration Statement, have been duly executed and authenticated in accordance with the Indenture, and duly issued and delivered by SCG Holding Corporation and Semiconductor Components Industries, LLC (together, the "Issuers") in exchange for an equal principal amount of Initial Notes pursuant to the terms of the Exchange Offer and Registration Rights Agreement in the form filed as an exhibit to the Registration Statement, the Exchange Notes will be legal, valid, binding and enforceable obligations of the Issuers, entitled to the benefits of the Indenture, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general principles of equity.

The foregoing opinion is limited to the law of the State of New York.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to this firm under the heading "Legal Matters" in the Prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we are "experts" within the meaning of the Act or the rules and regulations of the Securities and Exchange Commission issued thereunder with respect to any part of the Registration Statement, including this exhibit.

Very truly yours,

CLEARY, GOTTLIEB, STEEN & HAMILTON

By /s/ STEPHEN H. SHALEN

Stephen H. Shalen, a partner

EXHIBIT 10.1

SCG HOLDING CORPORATION
SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

$400,000,000

12% Senior Subordinated Notes due 2009

PURCHASE AGREEMENT

August 4, 1999

CHASE SECURITIES INC.
DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
LEHMAN BROTHERS INC.
c/o Chase Securities Inc.
270 Park Avenue, 4th floor
New York, New York 10017

Ladies and Gentlemen:

SCG Holding Corporation, a Delaware corporation (the "Company"), and Semiconductor Components Industries, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company ("SCI LLC," and together with the Company, the "Issuers"), propose to issue and sell $400,000,000 aggregate principal amount of their 12% Senior Subordinated Notes due 2009 (the "Securities"). The Securities will be issued pursuant to an Indenture to be dated as of the date hereof (the "Indenture") among the Issuers, the subsidiaries of the Company listed on the signature pages hereof, as guarantors (collectively, the "Guarantors"), and State Street Bank and Trust Company, as trustee (the "Trustee") and will be guaranteed on an unsecured senior subordinated basis by the Guarantors. The Issuers and the Guarantors hereby confirm their agreement with Chase Securities Inc. ("CSI"), Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers Inc. (together with CSI, the "Initial Purchasers") concerning the purchase of the Securities from the Issuers by the several Initial Purchasers.

The Securities have been and will be offered and sold to the Initial Purchasers without being registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption therefrom. The Issuers have prepared a preliminary offering memorandum (the "Preliminary Offering Memorandum") dated July 14, 1999, and an offering memorandum (the "Offering Memorandum") dated July 28, 1999 (the "Offering Date") setting forth information concerning the Issuers and the Securities. Copies of the Preliminary Offering Memorandum and the Offering Memorandum have been delivered by the Issuers to the Initial Purchasers pursuant to the terms of this Agreement. Any references herein to the Preliminary Offering Memorandum and the Offering Memorandum shall be deemed to include all amendments and supplements thereto, unless otherwise noted. The Issuers hereby confirm that they have authorized the use of the Preliminary Offering Memorandum and the Offering

Memorandum in connection with the offering and resale of the Securities by the Initial Purchasers in accordance with Section 2.

Holders of the Securities (including the Initial Purchasers and their direct and indirect transferees) will be entitled to the benefits of an Exchange Offer and Registration Rights Agreement dated the date hereof (the "Registration Rights Agreement").

Pursuant to an Agreement and Plan of Recapitalization and Merger (the "Recapitalization Agreement") dated as of May 11, 1999 among the Issuers, Motorola, Inc. ("Motorola") and certain affiliates of Texas Pacific Group ("TPG"), as amended, which provides for the recapitalization ("Recapitalization") of the Company, (a) TPG Semiconductor Acquisition Corp. will be merged with and into the Company, (b) Motorola will receive aggregate cash consideration of $1,296.0 million (subject to certain adjustments and reductions pursuant to the Recapitalization Agreement), a junior subordinated note of SCI LLC in the amount of $91.0 million (the "Junior Subordinated Note") and 590 shares of preferred stock (the "Preferred Stock") of the Company. Upon consummation of the Recapitalization and certain related transactions, affiliates of TPG will own approximately 91% and Motorola will own approximately 9% of the outstanding voting stock of the Company. The Securities are being offered in connection with the financing of the Recapitalization.

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Offering Memorandum.

1. Representations, Warranties and Agreements of the Issuers. The Issuers and the Guarantors represent and warrant to, and agree with, the several Initial Purchasers on and as of the date hereof that:

(a) Each of the Preliminary Offering Memorandum and the Offering Memorandum, as of its respective date, did not, and as of the date hereof the Offering Memorandum does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Issuers and the Guarantors make no representation or warranty as to information contained in or omitted from the Preliminary Offering Memorandum or the Offering Memorandum in reliance upon and in conformity with written information relating to the Initial Purchasers furnished to the Company by or on behalf of any Initial Purchaser specifically for use therein (the "Initial Purchasers' Information").

(b) Each of the Preliminary Offering Memorandum and the Offering Memorandum, as of its respective date, contains all of the information that, if requested by a prospective purchaser of the Securities, would be required to be provided to such prospective purchaser pursuant to Rule 144A(d)(4) under the Securities Act.

(c) Assuming the accuracy of the representations and warranties of the Initial Purchasers contained in Section 2 and their compliance with the agreements set forth therein, it is not necessary, in connection with the issuance and sale of the Securities to the Initial Purchasers and the offer, resale and delivery of the Securities by the Initial

Purchasers in the manner contemplated by this Agreement and the Offering Memorandum, to register the Securities under the Securities Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

(d) The Company and each of its subsidiaries have been duly formed or incorporated and are validly existing as limited liability companies, corporations or, in the case of foreign subsidiaries, similar entities under local law, as the case may be, in good standing under the laws of their respective jurisdictions of formation or incorporation, are duly qualified to do business and are in good standing as foreign limited liability companies, corporations or, in the case of foreign subsidiaries, similar entities under local law in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to so qualify or have such power or authority would not, singularly or in the aggregate, reasonably be expected to have a material adverse effect on the condition (financial or otherwise), results of operations, business or prospects of the Company and its subsidiaries taken as a whole (a "Material Adverse Effect").

(e) On a pro forma basis as of July 3, 1999, the Company would have had an authorized capitalization as set forth in the Offering Memorandum under the heading "Capitalization"; all of the outstanding shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable; and the capital stock of the Company conforms in all material respects to the description thereof contained in the Offering Memorandum. All of the outstanding membership interests, shares of capital stock or other equity interests of each subsidiary of the Company have been duly and validly authorized and issued; are, in the case of capital stock or membership interests of subsidiaries organized under the laws of the United States, fully paid and non-assessable or, in the case of the membership interests of SCI LLC or any other subsidiary of the Company that is a Delaware limited liability company, are not subject to assessment by SCI LLC or such other subsidiary of the Company for additional capital contributions; and are owned directly or indirectly by the Company (other than (i) those shares of capital stock of Leshan-Phoenix Semiconductor Co., Ltd. ("Leshan") that are owned by Leshan Radio Company Ltd. and Motorola (China) Investment Ltd., (ii) shares of capital stock of Tesla Sezam, a.s. ("Tesla") that are owned by Terosil a.s. ("Terosil") and others, (iii) shares of capital stock of Terosil that are owned by Tesla and others), (iv) in the case of Motorola Philippines Inc. ("MPI"), all of the shares thereof the record holder of which is, and will be for an agreed period of time following the consummation of the Transactions, Motorola International Development Corp. ("MIDC"), as provided for in the Interim Agreement to be entered into among Motorola, Inc., MIDC, MPI and the Issuers, (v) 60% of the shares of capital stock of Amicus Realty Corporation and (vi) in the case of foreign subsidiaries, directors' qualifying shares or shares required by applicable law to be held by a person other than the Issuers or a subsidiary thereof), free and clear of any lien, charge, encumbrance, security interest, restriction upon voting or transfer or any other claim of any third party (other than those (i) imposed pursuant to the Loan Documents (as defined in the Credit Agreement dated as of the date hereof among SCI LLC, as borrower, the Company, as parent, the lenders

named therein, The Chase Manhattan Bank ("Chase"), as administrative agent, collateral agent and syndication agent, DLJ Capital Funding, Inc., Lehman Commercial Paper Inc. and Credit Lyonnais New York Branch, as co-documentation agents, and CSI, as arranger, as amended (the "Credit Agreement")), (ii) in the case of Surface Mount Products Malaysia Sdn. Bhd., SCG (SMP Malaysia) Holding Corporation, Motorola Semiconductor Sdn. Bhd. and SCG Malaysia Holding Sdn. Bhd., imposed by applicable law and (iii) in the case of Amicus Realty Corporation, imposed by the By-Laws thereof. As of the date hereof, all of the membership interests of SCI LLC are held by the Company.

(f) The statements set forth in the Offering Memorandum under the captions "Summary--Transactions," "Transactions," "Ownership of Capital Stock" and "Certain Relationships and Related Transactions" insofar as they purport to describe the documents referred to therein constitute a fair summary thereof.

(g) Each of the Issuers and the Guarantors has or had, as applicable, full right, power and authority to execute and deliver, as applicable, this Agreement, the Recapitalization Agreement, as amended, the Reorganization Agreement, the Intellectual Property Agreement, the Transition Services Agreement, the Collateral Agreements, the Employee Matters Agreement, the Motorola SCI LLC Retirement Plan Transfer Agreement for the Motorola, Inc. Pension Plan dated as of May 11, 1999, the Motorola SCI LLC Retirement Plan Transfer Agreement for the Motorola, Inc. Profit Sharing and Investment Plan dated as of May 11, 1999, Contribution Agreement from Motorola by and among Motorola and the Company dated as of April 30, 1999, the Indenture, the Registration Rights Agreement, the Loan Documents and the Securities (collectively, the "Transaction Documents"), if it is a party hereto or thereto, and to perform its obligations hereunder and thereunder; all requisite action required to be taken for the due and proper authorization, execution and delivery of each of the Transaction Documents to which it is a party and the consummation of the transactions contemplated thereby have been duly and validly taken; and each Transaction Document constitutes a valid and binding agreement of each of the Issuers and the Guarantors party thereto, enforceable against each of the Issuers and the Guarantors party thereto in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally and by general equitable principles (whether considered in a proceeding in equity or at law).

(h) The Indenture conforms in all material respects to the requirements of the Trust Indenture Act and the rules and regulations of the Securities and Exchange Commission (the "Commission") applicable to an indenture which is qualified thereunder.

(i) The Securities have been duly authorized by each of the Issuers and the Guarantors and, when duly executed, authenticated, issued and delivered as provided in the Indenture and paid for as provided herein, will be duly and validly issued and outstanding and will constitute valid and legally binding obligations of each of the Issuers, as issuers, and each of the Guarantors, as guarantors, entitled to the benefits of

the Indenture and enforceable against each of the Issuers, as issuers, and each of the Guarantors, as guarantors, in accordance with their terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally and by general equitable principles (whether considered in a proceeding in equity or at law).

(j) Each Transaction Document conforms in all material respects to the description thereof contained in the Offering Memorandum.

(k) The execution, delivery and performance by each of the Issuers and the Guarantors of each of the Transaction Documents to which it is a party, the issuance, authentication, sale and delivery of the Securities and compliance by each of the Issuers and the Guarantors with the terms thereof and the consummation of the transactions contemplated by the Transaction Documents will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, except for such conflicts, breaches, violations, defaults, liens, charges or encumbrances that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries, (ii) are imposed pursuant to the Loan Documents or (iii) would not, singularly or in the aggregate, be reasonably expected to have a Material Adverse Effect nor will such actions result in any violation of the provisions of the limited liability company agreement, charter, by-laws or similar organizational documents, as applicable, of the Company or any of its subsidiaries or any statute or any judgment, order, decree, rule or regulation of any court or arbitrator or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties or assets; and no consent, approval, authorization or order of, or filing or registration with, any such court or arbitrator or governmental agency or body under any such statute, judgment, order, decree, rule or regulation is required for the execution, delivery and performance by each of the Issuers and the Guarantors of each of the Transaction Documents to which it is a party, the issuance, authentication, sale and delivery of the Securities and compliance by each of the Issuers and the Guarantors with the terms thereof and the consummation of the transactions contemplated by the Transaction Documents, except for such consents, approvals, authorizations, orders, filings or registrations as may be required to be obtained or made under the Securities Act and applicable state securities laws as provided in the Registration Rights Agreement and except where the failure to obtain any such consents, approvals, authorizations, orders, filings or registrations would not, singularly or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(l) (i) PriceWaterhouseCoopers LLP ("PWC") are independent certified public accountants with respect to the Company and its subsidiaries and (ii) KPMG LLP ("KPMG") are independent certified public accountants with respect to Motorola and its

subsidiaries, in each case, within the meaning of Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants ("AICPA") and its interpretations and rulings thereunder. Except as described in the Offering Memorandum, the historical financial statements (including the related notes) contained in the Offering Memorandum have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods covered thereby and fairly present the financial position of the entities purported to be covered thereby at the respective dates indicated and the results of their operations for the respective periods indicated; and the financial information contained in the Offering Memorandum under the headings "Summary--Summary Pro Forma Last Twelve Months Financial Data," "Summary--Summary Historical and Pro Forma Financial Data," "Capitalization," "Selected Historical Combined Financial Data," "Unaudited Pro Forma Combined Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Management--Executive Compensation" are derived from the accounting records of the Company and its subsidiaries and fairly present the information purported to be shown thereby. The Unaudited Pro Forma Combined Financial Statements contained in the Offering Memorandum have been prepared on a basis consistent with the historical financial statements contained in the Offering Memorandum (except for the pro forma adjustments specified therein), have been properly compiled on the pro forma basis described in the notes thereto and give effect to assumptions made on a reasonable basis. The other historical financial and statistical information and data included in the Offering Memorandum (subject to the explanation of such data as set forth therein) are, in all material respects, fairly presented.

(m) There are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property or assets of the Company or any of its subsidiaries is the subject which, (i) singularly or in the aggregate, if determined adversely to the Company or any of its subsidiaries, would reasonably be expected to have a Material Adverse Effect or (ii) question the validity or enforceability of any of the Transaction Documents or any action taken or to be taken pursuant thereto; and to the best knowledge of the Issuers, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(n) No action has been taken and no statute, rule, regulation or order has been enacted, adopted or issued by any governmental agency or body which prevents the issuance of the Securities or suspends the sale of the Securities in any jurisdiction; no injunction, restraining order or order of any nature by any federal or state court of competent jurisdiction has been issued with respect to the Company or any of its subsidiaries that would prevent or suspend the issuance or sale of the Securities or the use of the Preliminary Offering Memorandum or the Offering Memorandum in any jurisdiction; no action, suit or proceeding is pending against or, to the best knowledge of each of the Issuers and the Guarantors, threatened against or affecting the Company or any of its subsidiaries before any court or arbitrator or any governmental agency, body or official, domestic or foreign, that would reasonably be expected to interfere with or adversely affect the issuance of the Securities or in any manner draw into question the validity or enforceability of any of the Transaction Documents or any action taken or to be taken pursuant thereto; and the Issuers have complied with any and all requests by any

securities authority in any jurisdiction for additional information to be included in the Preliminary Offering Memorandum and the Offering Memorandum.

(o) Neither the Company nor any of its subsidiaries is (i) in violation of its limited liability company agreement, charter, by-laws or similar organizational documents, as applicable, (ii) in default in any respect, and no event has occurred which, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of its property or assets is subject or (iii) in violation in any material respect of any law, ordinance, governmental rule, regulation or court decree to which it or its property or assets may be subject, except in the case of clauses (ii) and (iii) for such defaults or violations that, singularly or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(p) The Company and each of its subsidiaries possess all material licenses, certificates, authorizations and permits issued by, and have made all declarations and filings with, the appropriate federal, state or foreign regulatory agencies or bodies which declarations and filings are necessary or desirable for the ownership of their respective properties or the conduct of their respective businesses as described in the Offering Memorandum, except where the failure to possess or make the same would not, singularly or in the aggregate, reasonably be expected to have a Material Adverse Effect, and neither the Company nor any of its subsidiaries has received notification of any revocation or modification of any such license, certificate, authorization or permit or has any reason to believe that any such license, certificate, authorization or permit will not be renewed in the ordinary course.

(q) The Company and each of its subsidiaries have filed, or Motorola has filed on their behalf, all federal, state, local and foreign income and franchise tax returns required to be filed through the date hereof or have timely filed requests for extensions and such extensions have been granted and have not expired and have paid all taxes shown as due thereon (or have made adequate provision for such taxes on their respective balance sheets), and no tax deficiency has been determined adversely to the Company or any of its subsidiaries, which deficiency has had (nor does the Company or any of its subsidiaries have any knowledge of any tax deficiency that, if determined adversely to the Company or any of its subsidiaries, would reasonably be expected to have) a Material Adverse Effect.

(r) Neither the Company nor any of its subsidiaries is (i) an "investment company" or a company "controlled by" an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act"), and the rules and regulations of the Commission thereunder or (ii) a "holding company" or a "subsidiary company" of a holding company or an "affiliate" thereof within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(s) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance, in all material respects,

that transactions are executed in accordance with management's general or specific authorizations and are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability.

(t) The Company and each of its subsidiaries have insurance covering their respective properties, operations, personnel and businesses, which insurance is in amounts and insures against such losses and risks as are adequate in all material respects to protect the Company and its subsidiaries and their respective businesses. Neither the Company nor any of its subsidiaries has received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance.

(u) Except as set forth in the Offering Memorandum, the Company and each of its subsidiaries own or possess adequate rights to use all material patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) necessary for the conduct of their respective businesses; and the conduct of their respective businesses will not conflict in any respect with, and the Company and its subsidiaries have not received any notice of any claim of conflict with, any such rights of others, except such conflicts or claims as are disclosed in the Offering Memorandum or that, singularly or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(v) The Company and each of its subsidiaries have good and marketable title in fee simple to, or have valid rights to lease or otherwise use, all items of real and personal property that are material to the business of the Company and its subsidiaries, in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except such as (i) do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries, (ii) are imposed pursuant to the Loan Documents or (iii) would not reasonably be expected to have a Material Adverse Effect.

(w) No material labor disturbance by or similar material dispute with the employees of the Company or any of its subsidiaries exists or, to the best knowledge of the Company, is contemplated or threatened.

(x) No "prohibited transaction" (as defined in Section 406 of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"), or Section 4975 of the Internal Revenue Code of 1986, as amended from time to time (the "Code")) or "accumulated funding deficiency" (as defined in Section 302 of ERISA) or any of the events set forth in Section 4043(b) of ERISA (other than events with respect to which the 30-day notice requirement under Section 4043 of ERISA has been waived) has occurred with respect to any employee benefit plan of the Company or any of its subsidiaries that would reasonably be expected to have a Material Adverse Effect; each such employee benefit plan is in

compliance with applicable law, including ERISA and the Code, except for any failure to comply that would not reasonably be expected to have a Material Adverse Effect; the Company and each of its subsidiaries have not incurred and do not expect to incur liability under Title IV of ERISA with respect to the termination of, or withdrawal from, any pension plan for which the Company or any of its subsidiaries would have any liability that would reasonably be expected to have a Material Adverse Effect; and with respect to each such pension plan that is intended to be qualified under Section 401(a) of the Code is, the Company shall submit an application to the Internal Revenue Service for its determination as to the qualification of each such plan within the remedial amendment period of Section 401(b).

(y) Except as described in the Offering Memorandum there has been no storage, generation, transportation, handling, treatment, disposal, arrangement for disposal, discharge, emission or other release of any kind of toxic or other wastes or other hazardous substances by, due to or caused by the Company or any of its subsidiaries (or, to the best knowledge of the Company, any other entity (including any predecessor) for whose acts or omissions the Company or any of its subsidiaries is or would reasonably be expected to be liable) upon any of the property now or previously owned or leased by the Company or any of its subsidiaries, or upon any other property, in violation of any statute or any ordinance, rule, regulation, order, judgment, decree or permit or which would, under any statute or any ordinance, rule (including rule of common law), regulation, order, judgment, decree or permit, give rise to any liability, except for any violation or liability that would not reasonably be expected to have, singularly or in the aggregate with all such violations and liabilities, a Material Adverse Effect; and there has been no disposal, discharge, emission or other release of any kind onto such property or, to the knowledge of any of the Issuers or any of the Guarantors, into the environment surrounding such property, of any toxic or other wastes or other hazardous substances, except for any such disposal, discharge, emission or other release of any kind which would not reasonably be expected to have, singularly or in the aggregate with all such discharges and other releases, a Material Adverse Effect.

(z) Neither the Issuers nor, to the best knowledge of each of the Issuers and the Guarantors, any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(aa) On and immediately after the date hereof, each of the Issuers (after giving effect to the issuance and sale of the Securities and to the other transactions related thereto as described in the Offering Memorandum) will be Solvent. As used in this paragraph, the term "Solvent" means, with respect to a particular date, that on such date (i) the present fair market value (or present fair saleable value) of the assets of each of the Issuers is not less than the total amount required to pay the probable liabilities of each of the Issuers on its total existing debts and liabilities (including contingent liabilities) as

they become absolute and matured, (ii) each of the Issuers is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and commitments as they mature and become due in the normal course of business, (iii) assuming the sale of the Securities as contemplated by this Agreement and the Offering Memorandum, neither of the Issuers is incurring debts or liabilities beyond its ability to pay as such debts and liabilities mature and (iv) neither Issuer is engaged in any business or transaction, or is about to engage in any business or transaction, for which its property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Issuer is engaged. In computing the amount of such contingent liabilities at any time, it is intended that such liabilities will be computed at the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

(bb) Except as described in the Offering Memorandum, there are no outstanding subscriptions, rights, warrants, calls or options to acquire, or instruments convertible into or exchangeable for, or agreements or understandings with respect to the sale or issuance of, any shares of capital stock of or other equity or other ownership interest in the Company or any of its subsidiaries.

(cc) Neither the Company nor any of its subsidiaries owns any "margin securities" as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), and none of the proceeds of the sale of the Securities will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security, for the purpose of reducing or retiring any indebtedness that was originally incurred to purchase or carry any margin security or for any other purpose that might cause any of the Securities to be considered a "purpose credit" within the meanings of Regulation T, U or X of the Federal Reserve Board.

(dd) Neither the Company nor any of its subsidiaries is a party to any contract, agreement or understanding with any person that would give rise to a valid claim against the Initial Purchasers for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Securities.

(ee) The Securities satisfy the eligibility requirements of Rule 144A(d)(3) under the Securities Act.

(ff) None of the Issuers, their respective affiliates and any person acting on their behalf has engaged or will engage in any directed selling efforts (as such term is defined in Regulation S under the Securities Act ("Regulation S")), and all such persons have complied and will comply with the offering restrictions requirement of Regulation S to the extent applicable.

(gg) None of the Issuers and their respective affiliates has, directly or through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as such term is defined in the Securities Act), that is or will be integrated with the offering of the Securities in a manner that would require registration of the offering of the Securities under the Securities Act.

(hh) None of the Issuers, their respective affiliates and any other persons acting on their behalf has engaged, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act.

(ii) There are no securities of either of the Issuers registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or listed on a national securities exchange or quoted in a U.S. automated inter-dealer quotation system.

(jj) None of the Issuers and the Guarantors has taken or will take, directly or indirectly, any action prohibited by Regulation M under the Exchange Act in connection with the offering of the Securities.

(kk) The Company and its subsidiaries are implementing a comprehensive, detailed program to analyze and address the risk that the computer hardware and software used by them may be unable to recognize and properly execute date-sensitive functions involving certain dates prior to and any dates after December 31, 1999 (the "Year 2000 Problem"), and have determined that such risk will be remedied in all material respects on a timely basis without material expense and will not have a material adverse effect upon the financial condition and results of operations of the Company and its subsidiaries taken as a whole; and the Company believes, after due inquiry, that each supplier, vendor, customer or financial service organization used or serviced by the Company and its subsidiaries has remedied or will remedy on a timely basis the Year 2000 Problem, except to the extent that a failure to remedy by any such supplier, vendor, customer or financial service organization would not have a Material Adverse Effect.

(ll) Since the date as of which information is given in the Offering Memorandum, except as otherwise stated therein, (i) there has been no material adverse change or any development involving a prospective material adverse change in the condition, financial or otherwise, or in the earnings, business affairs, management or business prospects of the Company and its Subsidiaries taken as a whole, whether or not arising in the ordinary course of business, (ii) none of the Issuers and the Guarantors has incurred any liability or obligation that is material to the Company and its Subsidiaries taken as a whole, direct or contingent, other than in the ordinary course of business, (iii) none of the Issuers and the Guarantors has entered into any transaction that is material to the Company and its Subsidiaries taken as a whole other than in the ordinary course of business and (iv) except as a result of the consummation of the Transactions there has not been any change in the membership interests, capital stock or long-term debt of any of the Issuers or the Guarantors, or any dividend or distribution of any kind declared, paid or made by the Issuers or any of the Guarantors on any class of their respective membership interests or capital stock.

2. Purchase and Resale of the Securities. (a) On the basis of the representations, warranties and agreements contained herein, and subject to the terms and conditions set forth herein, the Issuers severally and jointly agree to issue and sell to each of the Initial Purchasers, severally and not jointly, and each of the Initial Purchasers, severally and not jointly, agrees to purchase from the Issuers, the principal amount of Securities set forth opposite

the name of such Initial Purchaser on Schedule 1 hereto at a purchase price equal to 97.00% of the principal amount thereof. The Issuers shall not be obligated to deliver any of the Securities except upon payment for all of the Securities to be purchased as provided herein.

(b) The Initial Purchasers have advised the Issuers that they propose to offer the Securities for resale upon the terms and subject to the conditions set forth herein and in the Offering Memorandum. Each Initial Purchaser, severally and not jointly, represents and warrants to, and agrees with the Issuers, that (i) it is purchasing the Securities pursuant to a private sale exempt from registration under the Securities Act, (ii) it has not solicited offers for, or offered or sold, and will not solicit offers for, or offer or sell, the Securities by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D under the Securities Act ("Regulation D") or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act and (iii) it has solicited and will solicit offers for the Securities only from, and has offered or sold and will offer, sell or deliver the Securities, as part of their initial offering, only (A) within the United States to persons whom it reasonably believes to be qualified institutional buyers ("Qualified Institutional Buyers"), as defined in Rule 144A under the Securities Act ("Rule 144A"), or if any such person is buying for one or more institutional accounts for which such person is acting as fiduciary or agent, only when such person has represented to it that each such account is a Qualified Institutional Buyer to whom notice has been given that such sale or delivery is being made in reliance on Rule 144A and in each case, in transactions in accordance with Rule 144A and (B) outside the United States to persons other than U.S. persons in reliance on Regulation S under the Securities Act ("Regulation S").

(c) In connection with the offer and sale of Securities in reliance on Regulation S, each Initial Purchaser, severally and not jointly, represents and warrants to, and agrees with the Issuers as set forth below.

(i) The Securities have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

(ii) Such Initial Purchaser has offered and sold the Securities, and will offer and sell the Securities, (A) as part of their distribution at any time and (B) otherwise until 40 days after the later of the commencement of the offering of the Securities and the date hereof, only in accordance with Regulation S or Rule 144A or any other available exemption from registration under the Securities Act.

(iii) Such Initial Purchaser agrees that during such 40-day compliance distribution period and prior to the completion of the resale of the Securities, it will not cause any advertisement with respect to the Securities (including any "tombstone" advertisement) to be published in any newspaper or periodical or posted in any public place and will not issue any circular relating to the Securities, except such advertisements as are permitted by and include statements required by Regulation S.

(iv) Such Initial Purchaser agrees that it will not offer, sell or deliver any of the Securities in any jurisdiction outside the United States except under circumstances that will result in compliance with the applicable laws thereof, and that it will take at its own expense whatever action is required to permit its purchase and resale of the Securities in such jurisdiction except for such costs that the Company has agreed to pay pursuant to this Agreement.

(v) Such Initial Purchaser acknowledges that the Securities offered and sold in reliance on Regulation S will be represented upon issuance by a global security that may not be exchanged for physical definitive securities until the expiration of the 40-day compliance distribution period referred to in Rule 903(c)(3) of the Securities Act and only upon certification of beneficial ownership of such Securities by a non-U.S. person or U.S. persons who purchased such Securities in transactions that were exempt from the registration requirements of the Securities Act.

(vi) None of such Initial Purchaser, its affiliates and any other persons acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Securities, and all such persons have complied and will comply with the offering restriction requirements of Regulation S.

(vii) At or prior to the confirmation of sale of any Securities sold in reliance on Regulation S, it will have sent to each distributor, dealer or other person receiving a selling concession, fee or other remuneration that purchases Securities from it during the restricted period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Securities and the date of original issuance of the Securities, except in accordance with Regulation S or Rule 144A or any other available exemption from registration under the Securities Act. Terms used above have the meanings given to them by Regulation S."

(viii) It has not and will not enter into any contractual arrangement with any distributor with respect to the distribution of the Securities, except with its affiliates or with the prior written consent of the Company.

Terms used in this Section 2(c) have the meanings given to them by Regulation S.

(d) Each Initial Purchaser, severally and not jointly, represents and warrants to, and agrees with the Issuers that (i) it has not offered or sold and prior to the date six months after the date hereof will not offer or sell any Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances that have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has

complied and will comply with all applicable provisions of the Financial Services Act 1986 and the Public Offers of Securities Regulations 1995 with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Securities to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

(e) Each Initial Purchaser, severally and not jointly, agrees that, prior to or simultaneously with the confirmation of sale by such Initial Purchaser to any purchaser of any of the Securities purchased by such Initial Purchaser from the Issuers pursuant hereto, such Initial Purchaser shall furnish to that purchaser a copy of the Offering Memorandum (and any amendment or supplement thereto that the Issuers shall have furnished to such Initial Purchaser prior to the date of such confirmation of sale). In addition to the foregoing, each Initial Purchaser acknowledges and agrees that the Issuers and, for purposes of the opinions to be delivered to the Initial Purchasers pursuant to Sections 5(e) and (f), counsel for the Issuers and for the Initial Purchasers, respectively, may rely upon the accuracy of the representations and warranties of the Initial Purchasers and their compliance with their agreements contained in this Section 2, and each Initial Purchaser hereby consents to such reliance.

(f) Each of the Issuers and the Guarantors acknowledges and agrees that the Initial Purchasers may sell Securities to any affiliate of an Initial Purchaser and that any such affiliate may sell Securities purchased by it to an Initial Purchaser.

3. Delivery of and Payment for the Securities. (a) Delivery of and payment for the Securities shall be made at the offices of Cleary, Gottlieb, Steen & Hamilton, New York, New York, or at such other place as shall be agreed upon by the Initial Purchasers and the Issuers prior to the date hereof, at 10:00 A.M., New York City time, on the date hereof or at such other time or date not later than seven full business days after the date hereof, as shall be agreed upon by the Initial Purchasers and the Issuers (such payment and delivery being referred to herein as the "Closing").

(b) On the date hereof, payment of the purchase price for the Securities shall be made to the Issuers by wire or book-entry transfer of same-day funds to such account or accounts as the Issuers shall specify prior to the date hereof or by such other means as the parties hereto shall agree prior to the date hereof against delivery to the Initial Purchasers of the certificates evidencing the Securities. Time shall be of the essence, and delivery at the time and place specified pursuant to this Agreement is a further condition of the obligations of the Initial Purchasers hereunder. Upon delivery, the Securities shall be in global form, registered in such names and in such denominations as CSI on behalf of the Initial Purchasers shall have requested in writing not less than two full business days prior to the date hereof.

4. Further Agreements of the Issuers and the Guarantors. Each of the Issuers and the Guarantors agrees with each of the several Initial Purchasers:

(a) to advise the Initial Purchasers promptly and, if requested, confirm such advice in writing, of the happening prior to completion of the resale of the Securities by

the Initial Purchasers of any event that makes any statement of a material fact made in the Offering Memorandum untrue or that requires the making of any additions to or changes in the Offering Memorandum (as amended or supplemented from time to time) in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; to advise the Initial Purchasers promptly of any order preventing or suspending the use of the Preliminary Offering Memorandum or the Offering Memorandum, of any suspension of the qualification of the Securities for offering or sale in any jurisdiction and of the initiation or threatening of any proceeding for any such purpose; and to use its best efforts to prevent the issuance of any such order preventing or suspending the use of the Preliminary Offering Memorandum or the Offering Memorandum or suspending any such qualification and, if any such suspension is issued, to obtain the lifting thereof at the earliest possible time;

(b) to furnish promptly to each of the Initial Purchasers and counsel for the Initial Purchasers, without charge, as many copies of the Offering Memorandum (and any amendments or supplements thereto) as may be reasonably requested;

(c) prior to making any amendment or supplement to the Offering Memorandum prior to completion of the resale of the Securities by the Initial Purchasers, to furnish a copy thereof to each of the Initial Purchasers and counsel for the Initial Purchasers and not to effect any such amendment or supplement to which the Initial Purchasers shall reasonably object by notice to the Issuers after a reasonable period to review;

(d) if, at any time prior to completion of the resale of the Securities by the Initial Purchasers, any event shall occur or condition exist as a result of which it is necessary, in the opinion of counsel for the Initial Purchasers or counsel for the Issuers, to amend or supplement the Offering Memorandum in order that the Offering Memorandum will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time it is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Offering Memorandum to comply with applicable law, to prepare promptly such amendment or supplement as may be necessary to correct such untrue statement or omission or so that the Offering Memorandum, as so amended or supplemented, will comply with applicable law;

(e) for so long as the Securities are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, to furnish to holders of the Securities and prospective purchasers of the Securities designated by such holders, upon request of such holders or such prospective purchasers, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, unless the Issuers are then subject to and in compliance with Section 13 or 15(d) of the Exchange Act (the foregoing agreement being for the benefit of the holders from time to time of the Securities and prospective purchasers of the Securities designated by such holders);

(f) for so long as the Securities are outstanding, to furnish to the Initial Purchasers copies of any annual reports, quarterly reports and current reports filed by

each of the Issuers with the Commission on Forms 10-K, 10-Q and 8-K, or such other similar forms as may be designated by the Commission, and such other documents, reports and information as shall be furnished by the Issuers to the Trustee or to the holders of the Securities pursuant to the Indenture or the Exchange Act or any rule or regulation of the Commission thereunder;

(g) to take promptly from time to time such actions as the Initial Purchasers may reasonably request to qualify the Securities for offering and sale under the securities or Blue Sky laws of such jurisdictions as the Initial Purchasers may designate and to continue such qualifications in effect for so long as required for the resale of the Securities; and to arrange for the determination of the eligibility for investment of the Securities under the laws of such jurisdictions as the Initial Purchasers may reasonably request; provided that the Company and its subsidiaries shall not be obligated to qualify as foreign corporations in any jurisdiction in which they are not so qualified or to file a general consent to service of process in any jurisdiction;

(h) to assist the Initial Purchasers in arranging for the Securities to be designated Private Offerings, Resales and Trading through Automated Linkages ("PORTAL") Market securities in accordance with the rules and regulations adopted by the National Association of Securities Dealers, Inc. ("NASD") relating to trading in the PORTAL Market and for the Securities to be eligible for clearance and settlement through The Depository Trust Company ("DTC");

(i) not to, and to cause its affiliates not to, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as such term is defined in the Securities Act), which sale, offer, solicitation or other negotiation could be integrated with the offering of the Securities in a manner which would require registration of the offering of the Securities under the Securities Act;

(j) except following the effectiveness of the Exchange Offer Registration Statement or the Shelf Registration Statement (each as defined in the Registration Rights Agreement), as the case may be, not to, and to cause its affiliates not to, and not to authorize or knowingly permit any person acting on their behalf to, solicit any offer to buy or offer to sell the Securities by means of any form of general solicitation or general advertising within the meaning of Regulation D or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act; and not to offer, sell, contract to sell or otherwise dispose of, directly or indirectly, any securities under circumstances where such offer, sale, contract or disposition would cause the exemption afforded by Section 4(2) of the Securities Act to cease to be applicable to the offering and sale of the Securities as contemplated by this Agreement and the Offering Memorandum;

(k) for a period of 180 days from the date of the Offering Memorandum, not to offer for sale, sell, contract to sell or otherwise dispose of, directly or indirectly, or file a registration statement for, or announce any offer, sale, contract for sale of or other disposition of any debt securities issued or guaranteed by the Company or any of its subsidiaries (other than the Securities, the Exchange Securities (as defined in the

Registration Rights Agreement) and the Junior Subordinated Note) without the prior written consent of the Initial Purchasers;

(l) during the period from the date hereof until two years after the date hereof, without the prior written consent of the Initial Purchasers, not to, and not permit any of its affiliates (as defined in Rule 144 under the Securities Act) to, resell any of the Securities that have been reacquired by them, except for Securities purchased by the Issuers or any of their respective affiliates and resold in a transaction registered under the Securities Act;

(m) not to, for so long as the Securities are outstanding, be or become, or be or become owned by, an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act, and to not be or become, or be or become owned by, a closed-end investment company required to be registered, but not registered thereunder;

(n) in connection with the offering of the Securities, until CSI on behalf of the Initial Purchasers shall have notified the Issuers of the completion of the resale of the Securities, not to, and to cause its affiliated purchasers (as defined in Regulation M under the Exchange Act) not to, either alone or with one or more other persons, bid for or purchase, for any account in which it or any of its affiliated purchasers has a beneficial interest, any Securities, or attempt to induce any person to purchase any Securities; and not to, and to cause its affiliated purchasers not to, make bids or purchase for the purpose of creating actual, or apparent, active trading in or of raising the price of the Securities;

(o) in connection with the offering of the Securities, to make its officers, employees, independent accountants and legal counsel reasonably available upon request by the Initial Purchasers;

(p) to furnish to each of the Initial Purchasers on the date hereof a copy of the independent accountants' report included in the Offering Memorandum signed by the accountants rendering such report;

(q) to do and perform all things required to be done and performed by it under this Agreement that are within its control prior to or after the date hereof, and to use its best efforts to satisfy all conditions precedent on its part to the delivery of the Securities; and

(r) to apply the net proceeds from the sale of the Securities as set forth in the Offering Memorandum under the heading "Sources and Uses of Proceeds."

5. Conditions of Initial Purchasers' Obligations. The respective obligations of the several Initial Purchasers hereunder are subject to the accuracy, on and as of the date hereof, of the representations and warranties of each of the Issuers and the Guarantors contained herein, to the accuracy of the statements of each of the Issuers and the Guarantors and their respective officers made in any certificates delivered pursuant hereto, to the performance by each of the Issuers and the Guarantors of their respective obligations hereunder, and to each of the following additional terms and conditions:

(a) The Offering Memorandum (and any amendments or supplements thereto) shall have been printed and copies distributed to the Initial Purchasers; and no stop order suspending the sale of the Securities in any jurisdiction shall have been issued and no proceeding for that purpose shall have been commenced or shall be pending or threatened.

(b) None of the Initial Purchasers shall have discovered and disclosed to the Issuers on or prior to the date hereof that the Offering Memorandum or any amendment or supplement thereto contains an untrue statement of a fact that, in the opinion of counsel for the Initial Purchasers, is material or omits to state any fact that, in the opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(c) All corporate proceedings and other legal matters incident to the authorization, form and validity of each of the Transaction Documents and the Offering Memorandum, and all other legal matters relating to the Transaction Documents and the transactions contemplated thereby, shall be reasonably satisfactory in all material respects to the Initial Purchasers, and the Issuers shall have furnished to the Initial Purchasers all documents and information that they or their counsel may reasonably request to enable them to pass upon such matters.

(d) The Initial Purchasers shall have received true and correct copies of all of the Transaction Documents (other than the real estate sub-lease agreements), as amended through the date hereof.

(e) Cleary, Gottlieb, Steen & Hamilton, special counsel to the Issuers and the Guarantors, shall have furnished to the Initial Purchasers their written opinion along with a letter, each addressed to the Initial Purchasers and dated the date hereof, substantially in the respective forms set forth in Annex A hereto. Howrey & Simon, special counsel to the Issuers and the Guarantors, shall have furnished to the Initial Purchasers their written opinion, and Winston & Strawn, special counsel to Motorola, shall have furnished to the Initial Purchasers their reliance letter relating to their opinion addressed to TPG, each in form and substance reasonably satisfactory to the Initial Purchasers.

(f) Local counsel to the foreign subsidiary or subsidiaries of the Company organized in the jurisdictions listed on Schedule 2 hereto shall have furnished to the Initial Purchasers their written opinions addressed to the Initial Purchasers and dated the date hereof, in form and substance reasonably satisfactory to the Initial Purchasers.

(g) The Initial Purchasers shall have received from Cravath, Swaine & Moore, counsel for the Initial Purchasers, such opinion or opinions, dated the date hereof, with respect to such matters as the Initial Purchasers may reasonably require, and the Company shall have furnished to such counsel such documents and information as they request for the purpose of enabling them to pass upon such matters.

(h) The Company shall have furnished to the Initial Purchasers (i) a letter of PWC (the "PWC Initial Letter") and (ii) a letter of KPMG (the "KPMG Initial Letter"

and together with the PWC Initial Letter, the "Initial Letters"), in each case addressed to the Initial Purchasers and dated the Offering Date, in form and substance satisfactory to the Initial Purchasers, together substantially to the effect set forth in Annex C hereto.

(i) The Company shall have furnished to the Initial Purchasers (i) a letter (the "PWC Bring-Down Letter") of PWC and (ii) a letter of KPMG (the "KPMG Bring-Down Letter" and together with the PWC Bring-Down Letter, the "Bring-Down Letters"), in each case addressed to the Initial Purchasers and dated the date hereof (A) confirming that (x) in the case of PWC, they are independent public accountants with respect to the Company and its subsidiaries and (y) in the case of KPMG, they are independent public accountants with respect to Motorola and its subsidiaries, in each case within the meaning of Rule 101 of the Code of Professional Conduct of the AICPA and its interpretations and rulings thereunder, (B) stating, as of the date of the Bring-Down Letters (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Offering Memorandum, as of a date not more than three business days prior to the date of the Bring-Down Letters), that the conclusions and findings of such accountants with respect to the financial information and other matters covered by the PWC Initial Letter or the KPMG Initial Letter, as the case may be, are accurate and (C) confirming in all material respects the conclusions and findings set forth in such Initial Letter.

(j) Each of the Issuers and the Guarantors shall have furnished to the Initial Purchasers a certificate, dated the date hereof, of their respective chief executive officers and their respective chief financial officers, stating that (i) such officers have carefully examined the Offering Memorandum, (ii) in their opinion, the Offering Memorandum, as of its date, did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and since the date of the Offering Memorandum, no event has occurred that should have been set forth in a supplement or amendment to the Offering Memorandum so that the Offering Memorandum (as so amended or supplemented) would not include any untrue statement of a material fact and would not omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iii) as of the date hereof, the representations and warranties of each of the Issuers or the particular Guarantor, as applicable, in this Agreement are true and correct in all material respects, each of the Issuers or the particular Guarantor, as applicable, has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder on or prior to the date hereof and (iv) with respect to the officers of the Issuers only, subsequent to the date of the most recent financial statements contained in the Offering Memorandum, there has been no material adverse change in the financial position or results of operation of the Company or any of its subsidiaries, or any change, or any development involving a prospective change, in or affecting the condition (financial or otherwise), results of operations, business or prospects of the Company and its subsidiaries taken as a whole.

(k) The Initial Purchasers shall have received a counterpart of the Registration Rights Agreement which shall have been executed and delivered by a duly authorized officer of each of the Issuers and the Guarantors.

(l) The Indenture shall have been duly executed and delivered by each of the Issuers, the Guarantors and the Trustee, and the Securities shall have been duly executed and delivered by the Issuers and duly authenticated by the Trustee.

(m) The Securities shall have been approved by the NASD for trading in the PORTAL Market.

(n) If any event shall have occurred that requires the Issuers under Section 4(d) to prepare an amendment or supplement to the Offering Memorandum, such amendment or supplement shall have been prepared, the Initial Purchasers shall have been given a reasonable opportunity to comment thereon, and copies thereof shall have been delivered to the Initial Purchasers reasonably in advance of the date hereof.

(o) There shall not have occurred any invalidation of Rule 144A under the Securities Act by any court or any withdrawal or proposed withdrawal of any rule or regulation under the Securities Act or the Exchange Act by the Commission or any amendment or proposed amendment thereof by the Commission that, in the reasonable judgment of the Initial Purchasers, would materially impair the ability of the Initial Purchasers to purchase, hold or effect resales of the Securities as contemplated hereby.

(p) Subsequent to the Offering Date or, if earlier, the dates as of which information is given in the Offering Memorandum (exclusive of any amendment or supplement thereto), there shall not have been any change in the membership interests, capital stock or long-term debt or any change, or any development involving a prospective change, in or affecting the condition (financial or otherwise), results of operations, business or prospects of the Company and its subsidiaries taken as a whole (other than any such change resulting from the consummation of the Transactions (as defined in the Offering Memorandum)), the effect of which, in any such case described above, is, in the reasonable judgment of the Initial Purchasers, so material and adverse as to make it impracticable or inadvisable to proceed with the sale or delivery of the Securities on the terms and in the manner contemplated by this Agreement and the Offering Memorandum (exclusive of any amendment or supplement thereto).

(q) No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any governmental agency or body that would, as of the date hereof, prevent the issuance or sale of the Securities; and no injunction, restraining order or order of any other nature by any federal or state court of competent jurisdiction shall have been issued prior to or as of the date hereof that would prevent the issuance or sale of the Securities.

(r) Subsequent to the Offering Date, (i) no downgrading shall have occurred in the rating accorded the Securities or any of the Issuers' other debt securities or preferred stock by any "nationally recognized statistical rating organization," as such term is

defined by the Commission for purposes of Rule 436(g)(2) of the rules and regulations of the Commission under the Securities Act and (ii) no such organization shall have publicly announced that it has under surveillance or review (other than an announcement with positive implications of a possible upgrading), its rating of the Securities or any of the Issuers' other debt securities or preferred stock.

(s) Subsequent to the Offering Date, there shall not have occurred any of the following: (i) trading in securities generally on the New York Stock Exchange or the over-the-counter market shall have been suspended or materially limited, or minimum prices shall have been established on any such exchange or market by the Commission, by any such exchange or by any other regulatory body or governmental authority having jurisdiction, or trading in any securities of the Issuers on any exchange or in the over-the-counter market shall have been suspended or (ii) any general moratorium on commercial banking activities shall have been declared by federal or New York state authorities or (iii) an outbreak or escalation of hostilities or a declaration by the United States of a national emergency or war or (iv) a material adverse change in general economic, political or financial conditions (or the effect of international conditions on the financial markets in the United States shall be such), the effect of which, in the case of this clause (iv), is, in the reasonable judgment of the Initial Purchasers, so material and adverse as to make it impracticable or inadvisable to proceed with the sale or the delivery of the Securities on the terms and in the manner contemplated by this Agreement and in the Offering Memorandum (exclusive of any amendment or supplement thereto).

(t) All conditions to the consummation of the Recapitalization (including without limitation, the substantial completion of the Reorganization and the execution of the Intellectual Property Agreement, the Transition Services Agreement, the Collateral Agreements and the Loan Documents), other than the offering of the Securities, shall have been satisfied. The Recapitalization, the Reorganization, the other Transactions and the initial funding under the Credit Agreement shall be consummated substantially concurrently with the sale of the Securities hereunder on the terms described in the Offering Memorandum.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Initial Purchasers.

6. Termination. The obligations of the Initial Purchasers hereunder may be terminated by the Initial Purchasers, in their absolute discretion, by notice given to and received by the Issuers prior to delivery of and payment for the Securities if, prior to that time, any of the events described in Section 5(o), (p), (q), (r) or (s) shall have occurred and be continuing.

7. Defaulting Initial Purchasers. (a) If, on the date hereof, any Initial Purchaser defaults in the performance of its obligations under this Agreement, the non-defaulting Initial Purchasers may make arrangements for the purchase on the terms contained herein of the Securities which such defaulting Initial Purchaser agreed but failed to purchase by other persons satisfactory to the Company and the non-defaulting Initial Purchasers, but if no such arrangements are made within 36 hours after such default, the Issuers shall be entitled to a

further period of thirty-six hours within which to procure another party or other parties reasonably satisfactory to the other Initial Purchasers to purchase such Securities on such terms. In the event that, within the respective prescribed periods, the Initial Purchasers notify the Issuers that they have so arranged for the purchase of such Securities, or the Issuers notify the Initial Purchasers that they have so arranged for the purchase of such Securities, the Initial Purchasers or the Issuers shall have the right to postpone the Closing for a period of not more than seven days in order to effect any changes to the Offering Memorandum and any other documents in connection with the purchase that may thereby be made necessary. In the event that a substitute purchase is not so arranged, this Agreement shall terminate without liability on the part of the non-defaulting Initial Purchasers or the Issuers, except that the Issuers and the Guarantors will continue to be liable for the payment of expenses to the extent set forth in Sections 8 and 12 and except that the provisions of Sections 9 and 10 shall not terminate and shall remain in effect. As used in this Agreement, the term "Initial Purchasers" includes, for all purposes of this Agreement unless the context otherwise requires, any party not listed in Schedule 1 hereto that, pursuant to this Section 7, purchases Securities which a defaulting Initial Purchaser agreed but failed to purchase.

(b) Nothing contained herein shall relieve a defaulting Initial Purchaser of any liability it may have to the Issuers or any non-defaulting Initial Purchaser for damages caused by its default. If other persons are obligated or agree to purchase the Securities of a defaulting Initial Purchaser, either the non-defaulting Initial Purchasers or the Issuers may postpone the Closing for up to seven full business days in order to effect any changes that in the opinion of counsel for the Issuers or counsel for the Initial Purchasers may be necessary in the Offering Memorandum or in any other document or arrangement, and the Issuers agree to promptly prepare any amendment or supplement to the Offering Memorandum that effects any such changes.

8. Reimbursement of Initial Purchasers' Expenses. If (a) this Agreement shall have been terminated pursuant to Section 6 or 7, (b) the Issuers shall fail to tender the Securities for delivery to the Initial Purchasers for any reason permitted under this Agreement or (c) the Initial Purchasers shall decline to purchase the Securities for any reason permitted under this Agreement, the Issuers and the Guarantors shall reimburse the Initial Purchasers for such out-of-pocket expenses (including reasonable documented fees and disbursements of a single counsel) as shall have been reasonably incurred by the Initial Purchasers in connection with this Agreement and the proposed purchase and resale of the Securities. If this Agreement is terminated pursuant to Section 7 by reason of the default of one or more of the Initial Purchasers, the Issuers and the Guarantors shall not be obligated to reimburse any defaulting Initial Purchaser on account of such expenses.

9. Indemnification. (a) Each of the Issuers and the Guarantors shall jointly and severally indemnify and hold harmless each Initial Purchaser, its affiliates, their respective officers, directors, employees, representatives and agents, and each person, if any, who controls any Initial Purchaser within the meaning of the Securities Act or the Exchange Act (collectively referred to for purposes of this Section 9(a) and Section 10 as an Initial Purchaser), from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof (including, without limitation, any loss, claim, damage, liability or action relating to purchases and sales of the Securities), to which that Initial Purchaser may become subject, whether

commenced or threatened, under the Securities Act, the Exchange Act, any other federal or state statutory law or regulation, at common law or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Memorandum or the Offering Memorandum or in any amendment or supplement thereto or in any information provided by the Issuers pursuant to Section 4(e) or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and shall reimburse each Initial Purchaser promptly upon demand for any legal or other documented out-of-pocket expenses reasonably incurred by that Initial Purchaser in connection with investigating or defending or preparing to defend against or appearing as a third party witness in connection with any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Issuers and the Guarantors shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with any Initial Purchasers' Information; and provided further that, with respect to any such untrue statement in or omission from the Preliminary Offering Memorandum, the indemnity agreement contained in this Section 9(a) shall not inure to the benefit of any such Initial Purchaser to the extent that the sale to the person asserting any such loss, claim, damage, liability or action was an initial resale by such Initial Purchaser and any such loss, claim, damage, liability or action of or with respect to such Initial Purchaser results from the fact that both (A) to the extent required by applicable law, a copy of the Offering Memorandum was not sent or given to such person at or prior to the written confirmation of the sale of such Securities to such person and (B) the untrue statement in or omission from the Preliminary Offering Memorandum was corrected in the Offering Memorandum unless, in either case, such failure to deliver the Offering Memorandum was a result of non-compliance by the Issuers with Section 4(b).

(b) Each Initial Purchaser, severally and not jointly, shall indemnify and hold harmless the Issuers, their respective affiliates, officers, directors, employees, representatives and agents, and each person, if any, who controls any Issuer within the meaning of the Securities Act or the Exchange Act (collectively referred to for purposes of this Section 9(b) and Section 10 as an Issuer), from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof, to which that Issuer may become subject, whether commenced or threatened, under the Securities Act, the Exchange Act, any other federal or state statutory law or regulation, at common law or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Memorandum or the Offering Memorandum or in any amendment or supplement thereto or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with any Initial Purchasers' Information, and shall reimburse that Issuer for any legal or other documented out-of-pocket expenses reasonably incurred by that Issuer in connection with investigating or defending or preparing to defend against or appearing as a third party witness in connection with any such loss, claim, damage, liability or action as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under this Section 9 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party pursuant to Section 9(a) or 9(b), notify the indemnifying party in writing of the claim or the commencement of that action; provided however that the failure to notify the indemnifying party shall not relieve it from any liability which it may have under this Section 9 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and, provided, further, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 9. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 9 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable documented out-of-pocket costs of investigation; provided, however, that an indemnified party shall have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel for the indemnified party will be at the expense of such indemnified party unless (i) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (ii) the indemnified party has reasonably concluded (based upon advice of counsel to the indemnified party) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (iii) a conflict or potential conflict exists (based upon advice of counsel to the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (iv) the indemnifying party has not in fact employed counsel reasonably satisfactory to the indemnified party to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable documented out-of-pocket fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees, disbursements and other charges of more than one separate firm of attorneys (in addition to any local counsel) at any one time for all such indemnified party or parties. Each indemnified party, as a condition of the indemnity agreements contained in Sections 9(a) and 9(b), shall use all reasonable efforts to cooperate with the indemnifying party in the defense of any such action or claim. No indemnifying party shall be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with its written consent or if there be a final judgment for the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party (which consent shall not be unreasonably withheld), effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such (i) does not include an admission of

fault or wrongdoing and (ii) settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

The obligations of the Issuers, the Guarantors and the Initial Purchasers in this Section 9 and in Section 10 are in addition to any other liability that the Issuers, the Guarantors or the Initial Purchasers, as the case may be, may otherwise have, including in respect of any breaches of representations, warranties and agreements made herein by any such party.

10. Contribution. If the indemnification provided for in Section 9 is unavailable or insufficient to hold harmless an indemnified party under Section 9(a) or 9(b), then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Issuers and the Guarantors on the one hand and the Initial Purchasers on the other from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuers and the Guarantors on the one hand and the Initial Purchasers on the other with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Issuers and the Guarantors on the one hand and the Initial Purchasers on the other with respect to such offering shall be deemed to be in the same proportion as the total net proceeds from the offering of the Securities purchased under this Agreement (before deducting expenses) received by or on behalf of the Issuers and the Guarantors, on the one hand, and the total discounts and commissions received by the Initial Purchasers with respect to the Securities purchased under this Agreement, on the other, bear to the total gross proceeds from the sale of the Securities under this Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to the Issuers or information supplied by the Issuers and the Guarantors on the one hand or to any Initial Purchasers' Information on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Issuers, the Guarantors and the Initial Purchasers agree that it would not be just and equitable if contributions pursuant to this Section 10 were to be determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 10 shall be deemed to include, for purposes of this Section 10, any documented out-of-pocket legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending or preparing to defend any such action or claim. Notwithstanding the provisions of this Section 10, no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total discounts and commissions received by such Initial Purchaser with respect to the Securities purchased by it under this Agreement exceeds the amount of any damages which such Initial Purchaser has otherwise paid or become liable to pay by reason of any untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not

guilty of such fraudulent misrepresentation. The Initial Purchasers' obligations to contribute as provided in this Section 10 are several in proportion to their respective purchase obligations and not joint.

11. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the Initial Purchasers, the Issuers, the Guarantors and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except as provided in Sections 9 and 10 with respect to affiliates, officers, directors, employees, representatives, agents and controlling persons of the Issuers, the Guarantors and the Initial Purchasers and in Section 4(e) with respect to holders and prospective purchasers of the Securities. Nothing in this Agreement is intended or shall be construed to give any person, other than the persons referred to in this Section 11, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

12. Expenses. The Issuers and the Guarantors agree with the Initial Purchasers to pay (a) the costs incident to the authorization, issuance, sale, preparation and delivery of the Securities and any taxes payable in that connection; (b) the costs incident to the preparation, printing and distribution of the Preliminary Offering Memorandum, the Offering Memorandum and any amendments or supplements thereto; (c) the costs of reproducing and distributing each of the Transaction Documents; (d) the costs incident to the preparation, printing and delivery of the certificates evidencing the Securities, including stamp duties and transfer taxes, if any, payable upon issuance of the Securities; (e) the fees and expenses of the Issuers' counsel and independent accountants; (f) the fees and expenses of qualifying the Securities under the securities laws of the several jurisdictions as provided in Section 4(g) and of preparing, printing and distributing Blue Sky Memoranda (including related fees and expenses of counsel for the Initial Purchasers); (g) any fees charged by rating agencies for rating the Securities; (h) the fees and expenses of the Trustee and any paying agent (including related fees and expenses of any counsel to such parties); (i) all expenses and application fees incurred in connection with the application for the inclusion of the Securities on the PORTAL Market and the approval of the Securities for book-entry transfer by DTC; and (j) all other costs and expenses incident to the performance of the obligations of the Issuers under this Agreement which are not otherwise specifically provided for in this Section 12; provided, however, that except as provided in this Section 12 and Section 8, the Initial Purchasers shall pay their own costs and expenses (including the fees of their counsel).

13. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the Issuers, the Guarantors and the Initial Purchasers contained in this Agreement or made by or on behalf of the Issuers, the Guarantors or the Initial Purchasers pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Securities and shall remain in full force and effect, regardless of any termination or cancelation of this Agreement or any investigation made by or on behalf of any of them or any of their respective affiliates, officers, directors, employees, representatives, agents or controlling persons.

14. Notices, etc. All statements, requests, notices and agreements hereunder shall be in writing, and:

(a) if to the Initial Purchasers, shall be delivered or sent by mail or telecopy transmission to Chase Securities Inc., 270 Park Avenue, New York, New York 10017, Attention: Alexis Pugliese (telecopier no.: (212) 270-0994); or

(b) if to the Issuers, shall be delivered or sent by mail or telecopy transmission to the address of the Company set forth in the Offering Memorandum, Attention: Steve Hanson (telecopier no.: 602-244-4830);

provided that any notice to an Initial Purchaser pursuant to Section 9(c) shall also be delivered or sent by mail to such Initial Purchaser at its address set forth on the signature page hereof. Any such statements, requests, notices or agreements shall take effect at the time of receipt thereof. The Issuers shall be entitled to act and rely upon any request, consent, notice or agreement given or made on behalf of the Initial Purchasers by CSI.

15. Definition of Terms. For purposes of this Agreement, (a) the term "business day" means any day on which the New York Stock Exchange, Inc. is open for trading, (b) the term "subsidiary" has the meaning set forth in Rule 405 under the Securities Act and (c) except where otherwise expressly provided, the term "affiliate" has the meaning set forth in Rule 405 under the Securities Act.

16. Initial Purchasers' Information. The parties hereto acknowledge and agree that, for all purposes of this Agreement, the Initial Purchasers' Information consists solely of the following information in the Preliminary Offering Memorandum and the Offering Memorandum: (a) the last two bullet points on the front cover page concerning the terms of the offering by the Initial Purchasers and (b) the statements concerning the Initial Purchasers contained in the third, ninth, tenth, eleventh, twelfth and thirteenth paragraphs under the heading "Plan of Distribution."

17. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW PROVISIONS THEREOF, OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK.

18. Counterparts. This Agreement may be executed in one or more counterparts (which may include counterparts delivered by telecopier) and, if executed in more than one counterpart, the executed counterparts shall each be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

19. Amendments. No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

20. Headings. The 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.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us a counterpart hereof, whereupon this instrument will become a

binding agreement among the Issuers, the Guarantors and the several Initial Purchasers in accordance with its terms.

Very truly yours,

SCG HOLDING CORPORATION,
SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC,
SCG (MALAYSIA SMP) HOLDING CORPORATION,
SCG (CZECH) HOLDING CORPORATION,
SCG (CHINA) HOLDING CORPORATION,
SEMICONDUCTOR COMPONENTS INDUSTRIES
PUERTO RICO, INC.,
SCG INTERNATIONAL DEVELOPMENT LLC,

By /s/ George H. Cave

Name: George H. Cave
Title: Assistant Secretary

Accepted:
CHASE SECURITIES INC.

By /s/ James C. Neary

Authorized Signatory

Address for notices pursuant to Section 9(c):
1 Chase Plaza, 25th floor
New York, New York 10081
Attention: Legal Department

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

By /s/ Navid Mahmoodzadegan

Authorized Signatory

Address for notices pursuant to Section 9(c):
277 Park Avenue
New York, NY 10172
Attention: General Counsel

LEHMAN BROTHERS INC.

By /s/ Michael J. Konigsberg

Authorized Signatory

Address for notices pursuant to Section 9(c):
3 World Financial Center
New York, NY 10285
Attention: General Counsel

SCHEDULE 1

Initial Purchasers	Principal Amount of Securities
Chase Securities Inc.	$ 200,000,000
Donaldson, Lufkin & Jenrette	100,000,000
Lehman Brothers	100,000,000
Total	$ 400,000,000

SCHEDULE 2

Japan
The Philippines
Hong Kong
Malaysia
The Netherlands
France
The United Kingdom
Slovakia
Mexico

Exhibit A

CERTAIN TRANSACTION DOCUMENTS

1. Agreement and Plan of Recapitalization and Merger by and among Motorola, the Company, SCI LLC, TPG Semiconductor Holdings LLC and TPG Semiconductor Acquisition Corp. dated as of May 11, 1999, as amended.

2. Reorganization Agreement by and among Motorola, the Company and SCI LLC dated as of May 11, 1999.

3. Transition Services Agreement between Motorola and SCI LLC dated as of July 31, 1999.

4. Equipment Lease and Repurchase Agreement between Motorola and SCI LLC dated as of July 31, 1999.

5. Equipment Passdown Agreement between Motorola and SCI LLC dated as of July 31, 1999.

6. SCG Assembly Agreement between Motorola and SCI LLC dated as of July 31, 1999.

7. SCG Foundry Agreement between Motorola and SCI LLC dated as of July 31, 1999.

8. Motorola Assembly Agreement between Motorola and SCI LLC dated as of July 31, 1999.

9. Motorola Foundry Agreement between Motorola and SCI LLC dated as of July 31, 1999.

10. Employee Matters Agreement among Motorola, SCI LLC and the Company dated as of May 11, 1999, as amended.

ANNEX A

Form of Opinion of Cleary, Gottlieb, Steen & Hamilton

See attached
[no attachment]

ANNEX B

Form of Initial Comfort Letter

See attached.
[no attachment]

CONFORMED COPY
EXHIBIT 10.2

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CREDIT AGREEMENT

dated as of

August 4, 1999

among

SCG HOLDING CORPORATION,

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC,
as Borrower,

The Lenders Party Hereto,

THE CHASE MANHATTAN BANK,
as Administrative Agent,

CREDIT LYONNAIS NEW YORK BRANCH,
as Co-Documentation Agent,

DLJ CAPITAL FUNDING, INC.,
as Co-Documentation Agent,

and

LEHMAN COMMERCIAL PAPER INC.,
as Co-Documentation Agent

CHASE SECURITIES INC.,
as Arranger

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TABLE OF CONTENTS

TABLE OF CONTENTS
(CONTINUED)

TABLE OF CONTENTS
(CONTINUED)

SCHEDULES:

EXHIBITS:

CREDIT AGREEMENT dated as of August 4, 1999, among SCG HOLDING CORPORATION, SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC, the LENDERS party hereto, and THE CHASE MANHATTAN BANK, as administrative agent, collateral agent and syndication agent hereunder, and CREDIT LYONNAIS NEW YORK BRANCH, DLJ CAPITAL FUNDING, INC. and LEHMAN COMMERCIAL PAPER INC., as co-documentation agents hereunder.

The parties hereto agree 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 whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Adjusted LIBO Rate" means, with respect to any Eurodollar 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 The Chase Manhattan Bank, 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. Notwithstanding the foregoing, no individual shall be deemed to be an Affiliate of a Person solely by reason of his or her being an officer or director of such Person.

"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 Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate, respectively.

"Applicable Percentage" means, with respect to any Revolving Lender, the percentage of the total Revolving Commitments represented by such Lender's Revolving Commitment. If the Revolving Commitments have terminated or expired, the Applicable

Percentages shall be determined based upon the Revolving Commitments most recently in effect, giving effect to any assignments.

"Applicable Rate" means, for any day (a) with respect to any Tranche B Term Loan, (i) 2.50% per annum, in the case of an ABR Loan, or (ii) 3.50% per annum, in the case of a Eurodollar Loan, (b) with respect to any Tranche C Term Loan, (i) 2.75% per annum, in the case of an ABR Loan, or (ii) 3.75% in the case of a Eurodollar Loan, and (c) with respect to any ABR Loan or Eurodollar Loan that is a Revolving Loan or a Tranche A Term 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 "ABR Spread", "Eurodollar Spread" or "Commitment Fee Rate", as the case may be, based upon the Leverage Ratio as of the most recent determination date, provided that until the delivery to the Administrative Agent, pursuant to Section 5.01(a), of Holdings's consolidated financial statements for Holdings's fiscal year ending on December 31, 1999, the "Applicable Rate" for purposes of clause (c) above shall be the applicable rate per annum set forth below in Category 1:

Leverage Ratio:	ABR Spread	Eurodollar Spread	Commitment Fee Rate
Category 1 Greater than or equal to 3.00 to 1.00	2.00%	3.00%	0.50%
Category 2 Greater than or equal to 2.50 to 1.00 and less than 3.00 to 1.00	1.75%	2.75%	0.50%
Category 3 Greater than or equal to 2.00 to 1.00 and less than 2.50 to 1.00	1.50%	2.50%	0.50%
Category 4 Less than 2.00 to 1.00	1.25%	2.25%	0.50%

For purposes of the foregoing, (a) the Leverage Ratio shall be determined as of the end of each fiscal quarter of Holdings's fiscal year based upon Holdings's consolidated financial statements delivered pursuant to Section 5.01(a) or (b) and (b) each change in the Applicable Rate resulting from a change in the Leverage Ratio shall be effective during the period commencing on and including the first Business Day after the date of delivery to the Administrative Agent of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change, provided that the Leverage Ratio shall be deemed to be in Category 1 (i) at any time that an Event of Default has occurred and is continuing or (ii) at the option of the Administrative Agent or at the request of the Required Lenders if Holdings fails to deliver the consolidated financial statements required to be delivered by it pursuant to Section 5.01(a) or (b), during the period from the expiration of the time for delivery thereof until such consolidated financial statements are delivered.

"Approved Fund" means, with respect to any Lender that is a fund that invests in bank loans and similar commercial extensions of credit, any other fund that invests in bank loans and similar commercial extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Assessment Rate" means, for any day, the annual assessment rate in effect on such day that is payable by a member of the Bank Insurance Fund classified as "well-capitalized" and within supervisory subgroup "B" (or a comparable successor risk classification) within the meaning of 12 C.F.R. Part 327 (or any successor provision) to the Federal Deposit Insurance Corporation for insurance by such Corporation of time deposits made in dollars at the offices of such member in the United States, provided that if, as a result of any change in any law, rule or regulation, it is no longer possible to determine the Assessment Rate as aforesaid, then the Assessment Rate shall be such annual rate as shall be determined by the Administrative Agent to be representative of the cost of such insurance to the Lenders.

"Assignment and Acceptance" means an assignment and acceptance 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.

"Base CD Rate" means the sum of (a) the Three-Month Secondary CD Rate multiplied by the Statutory Reserve Rate plus (b) the Assessment Rate.

"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) Loans of the same Class and Type, made, converted or continued on the same date and, in the case of Eurodollar 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 Borrowing in accordance with Section 2.03.

"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 Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Expenditures" means, for any period, without duplication, (a) the additions to property, plant and equipment and other capital expenditures of the Borrower and its consolidated Subsidiaries that are (or would be) set forth in a consolidated statement of cash flows of the Borrower for such period prepared in accordance with GAAP and (b) Capital Lease Obligations incurred by the Borrower and its consolidated Subsidiaries during such period, provided that the term "Capital Expenditures" (i) shall be net of landlord construction allowances, (ii) shall not include expenditures made in connection with the repair or restoration of assets with insurance or condemnation proceeds and (iii) shall not include the purchase price of equipment to the extent consideration therefor consists of used or surplus equipment being traded in at such time or the proceeds of a concurrent sale of such used or surplus equipment, in each case in the ordinary course of business.

"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.

"Certificate of Designation" means the certificate of designations of Holdings with respect to the Cumulative Preferred Stock.

"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 Borrower; (b) prior to an IPO, the failure by TPG to own (and retain the right to vote), directly or indirectly, beneficially and of record, Equity Interests in Holdings representing greater than 40% of each of the aggregate ordinary voting power and aggregate equity value represented by the issued and outstanding Equity Interests in Holdings; (c) after an IPO, the failure by TPG to own (and retain the right to vote), directly or indirectly, beneficially and of record, Equity Interests in Holdings representing at least 15% of each of the aggregate ordinary voting power and the aggregate equity value represented by the issued and outstanding Equity Interests in Holdings; (d) after an IPO, 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 Securities and Exchange Commission thereunder as in effect on the date hereof), of Equity Interests representing a greater percentage of either the aggregate ordinary voting power or the aggregate equity value of Holdings than owned, directly or indirectly, beneficially and of record, by TPG; (e) 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 by directors so nominated; or (f) the occurrence of a "Change of Control", as defined in the Subordinated Debt Documents.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or the Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender's or the Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority first made or issued after the date of this Agreement.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Tranche A Term Loans, Tranche B Term Loans, Tranche C Term Loans or Swingline Loans and, when used in reference to any Commitment, refers to whether such Commitment is a Revolving Commitment, Tranche A Commitment, Tranche B Commitment or Tranche C Commitment.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means any and all "Collateral", as defined in any applicable Security Document.

"Collateral Agent" means the "Collateral Agent", as defined in any applicable Security Document.

"Collateral and Guarantee Requirement" means the requirement that:

(a) the Administrative Agent shall have received from each Loan Party either (i) a counterpart of each of the Guarantee Agreement, the Indemnity, Subrogation and Contribution Agreement, the Pledge Agreement, the Collateral Assignment and the Security Agreement duly executed and delivered on behalf of such Loan Party or (ii) in the case of any Person that becomes a Loan Party after the Effective Date, a supplement to each of the Guarantee Agreement, the Indemnity, Subrogation and Contribution Agreement, the Pledge Agreement and the Security Agreement, in each case in the form specified therein, duly executed and delivered on behalf of such Loan Party;

(b) all outstanding Equity Interests of the Borrower and each Subsidiary owned directly by or directly on behalf of any Loan Party shall have been pledged pursuant to the Pledge Agreement (except that the Loan Parties shall not be required to pledge more than 65% of the outstanding voting stock of any Foreign Subsidiary and shall not be required to pledge any Equity Interests in any Foreign Joint Venture Company to the extent that such a pledge is prohibited by the constitutive documents of such Foreign Joint Venture Company or applicable law) and the Administrative Agent shall have received certificates or other instruments representing all such Equity Interests, together with stock powers or other instruments of transfer with respect thereto endorsed in blank;

(c) all Indebtedness of Holdings, the Borrower and each Subsidiary that is owing to any Loan Party shall be evidenced by a promissory note and shall have been pledged pursuant to the Pledge Agreement and the Administrative Agent shall have received all such promissory notes, together with instruments of transfer with respect thereto endorsed in blank;

(d) all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create the Liens intended to be created by the Security Agreement and the Pledge Agreement and perfect such Liens to the extent required by, and with the priority required by, the Security Agreement and the Pledge Agreement, shall have been filed, registered or recorded or delivered to the Administrative Agent for filing, registration or recording;

(e) the Administrative Agent shall have received (i) counterparts of a Mortgage with respect to each Mortgaged Property duly executed and delivered by the record owner of such Mortgaged Property, (ii) a policy or policies of title insurance issued by a nationally recognized title insurance company insuring the Lien of each such Mortgage as a valid first Lien on the Mortgaged Property described therein, free of any other Liens except as expressly permitted by Section 6.02, together with such endorsements, coinsurance and reinsurance as the Administrative Agent or the Required Lenders may reasonably request, and (iii) such surveys, abstracts, appraisals, legal opinions and other

documents as the Administrative Agent or the Required Lenders may reasonably request with respect to any such Mortgage or Mortgaged Property; and

(f) each Loan Party shall have obtained all material consents and approvals required to be obtained by it in connection with the execution and delivery of all Security Documents to which it is a party, the performance of its obligations thereunder and the granting by it of the Liens thereunder.

"Collateral Assignment" means the Collateral Assignment, substantially in the form of Exhibit G, between the Borrower and the Collateral Agent.

"Commitment" means a Revolving Commitment, Tranche A Commitment, Tranche B Commitment or Tranche C Commitment, or any combination thereof (as the context requires).

"Consolidated Cash Interest Expense" means, for any period (subject to Section 1.05), the excess of (a) the sum of (i) the interest expense (including (i) the aggregate amount of accrued letter of credit fees and (ii) imputed interest expense in respect of Capital Lease Obligations) of the Borrower and the Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP, (ii) any interest accrued during such period in respect of Indebtedness of the Borrower or any Subsidiary that is required to be capitalized rather than included in consolidated interest expense for such period in accordance with GAAP, (iii) the amount of cash dividends paid on any preferred stock by Holdings during such period and (iv) any cash payments made during such period in respect of obligations referred to in clause (b)(ii) below that were amortized or accrued in a previous period, minus (b) the sum of (i) to the extent included in such consolidated interest expense for such period, non-cash amounts attributable to amortization of financing costs paid in a previous period, plus (ii) to the extent included in such consolidated interest expense for such period, non-cash amounts attributable to amortization of debt discounts or accrued interest or dividends payable in kind for such period (including with respect to the Junior Subordinated Note or the Cumulative Preferred Stock).

"Consolidated EBITDA" means, for any period (subject to Section 1.05), 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) the aggregate amount of letter of credit fees accrued during such period, (v) all extraordinary charges during such period, (vi) noncash expenses during such period resulting from the grant of stock options to management and employees of Holdings, the Borrower or any of the Subsidiaries, (vii) the aggregate amount of deferred financing expenses for such period, (viii) all other noncash expenses or losses of Holdings, the Borrower or any of the Subsidiaries for such period (excluding any such charge that constitutes an accrual of or a reserve for cash charges for any future period), (ix) any non-recurring fees, expenses or charges realized by Holdings, the Borrower or any of the Subsidiaries for such period related to any offering of capital stock or incurrence of Indebtedness and (x) noncash dividends on the Cumulative Preferred Stock and minus (b) without duplication and to the extent included in determining such Consolidated Net Income, (i) any extraordinary gains for such period and (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), all determined on a consolidated basis in accordance with GAAP. For purposes of calculating the Leverage Ratio as of any date, if the Borrower or any consolidated Subsidiary has made any Permitted Acquisition or sale, transfer, lease or other disposition of assets outside of the ordinary course of business permitted by Section 6.05 during the period of four consecutive fiscal quarters ending on the date on which the most recent fiscal quarter ended, Consolidated EBITDA for the relevant period for testing compliance shall be calculated after giving pro forma effect thereto, as if such Permitted Acquisition or sale, transfer, lease or other disposition of assets outside of the ordinary course of business (and any related incurrence, repayment or assumption of Indebtedness with any new Indebtedness being deemed to be amortized over the applicable testing period in accordance with its terms) had occurred on the first day of the relevant period for testing compliance.

"Consolidated Net Income" means, for any period, the net income or loss of Holdings, the Borrower and the 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 Subsidiary) in which any other Person (other than Holdings, the Borrower or any consolidated 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 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 Subsidiary or is merged into or consolidated with the Borrower or any consolidated Subsidiary or the date on which such Person's assets are acquired by the Borrower or any consolidated Subsidiary.

"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.

"Cumulative Preferred Stock" means the 12% Cumulative Preferred Stock of Holdings with an aggregate liquidation preference on the Effective Date of $209,000,000.

"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.

"Disclosed Matters" means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.06.

"Documentation Agents" means Credit Lyonnais New York Branch, DLJ Capital Funding, Inc. and Lehman Commercial Paper Inc., in their capacity as co-documentation agents hereunder.

"dollars" or "$" refers to lawful money of the United States of America.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"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 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 Contribution" means the contribution by TPG of not less than $337,500,000 to the Investor.

"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.

"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", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) 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.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article VII.

"Excess Cash Flow" means, for any fiscal year, the sum (without duplication) of:

(a) Consolidated Net Income for such fiscal year, adjusted to exclude any gains or losses attributable to Prepayment Events; plus

(b) depreciation, amortization and other non-cash charges or losses deducted in determining such Consolidated Net Income for such fiscal year; plus

(c) the sum of (i) the amount, if any, by which Net Working Capital decreased during such fiscal year plus (ii) the net amount, if any, by which the consolidated deferred revenues of Holdings, the Borrower and the consolidated Subsidiaries increased during such fiscal year; minus

(d) the sum of (i) any non-cash gains included in determining such Consolidated Net Income for such fiscal year plus (ii) the amount, if any, by which Net Working Capital increased during such fiscal year plus (iii) the net amount, if any, by which the consolidated deferred revenues of Holdings, the Borrower and the consolidated Subsidiaries decreased during such fiscal year; minus

(e) Capital Expenditures for such fiscal year (except (i) to the extent attributable to the incurrence of Capital Lease Obligations or otherwise financed by incurring Long-Term Indebtedness or (ii) Capital Expenditures made pursuant to the first proviso to Section 2.11(c) or the proviso to the first paragraph of Section 6.14); minus

(f) the aggregate principal amount of Long-Term Indebtedness repaid or prepaid by the Borrower and the consolidated Subsidiaries during such fiscal year, excluding (i) Indebtedness in respect of Revolving Loans and Letters of Credit, (ii) Term Loans prepaid pursuant to Section 2.11(a), 2.11(c) or (d), and (iii) repayments or prepayments of Long-Term Indebtedness financed by incurring other Long-Term Indebtedness; minus

(g) the aggregate amount of all prepayments of Revolving Loans made during such period to the extent accompanying reductions of the total Revolving Commitments.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) doing business, income or franchise taxes imposed on (or measured by) its net income, capital or any similar alternate basis by the United States of America, 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, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under

Section 2.19(b)), any withholding tax that (i) is in effect and would apply to amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office), except to the extent that such Foreign 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 any withholding tax pursuant to Section 2.17(a), or (ii) is attributable to such Foreign Lender's failure to comply with Section 2.17(e).

"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 the chief financial officer, principal accounting officer, treasurer or controller of Holdings.

"Financing Transactions" means (a) the execution, delivery and performance by each Loan Party of the Loan Documents to which it is to be a party, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder, (b) the execution, delivery and performance by each Loan Party of the Subordinated Debt Documents to which it is to be a party, the issuance of the Subordinated Debt and the use of the proceeds thereof, (c) the issuance by the Borrower of the Junior Subordinated Note and the use of the proceeds thereof, (d) the issuance of the Cumulative Preferred Stock and (e) the Equity Contribution.

"Foreign Joint Venture Companies" (i) Leshan-Phoenix Semiconductor Co., Ltd., an entity existing under the laws of the People's Republic of China, (ii) SMP, (iii) Tesla Sezam, a.s., a corporation existing under the laws of the Czech Republic, and (iv) Terosil, a.s., a corporation existing under the laws of the Czech Republic.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary that is organized under the laws of a jurisdiction other than the United States of America or any State thereof or the District of Columbia.

"Funded Indebtedness" means, as of any date, (a) the aggregate principal amount of Indebtedness of the Borrower and the Subsidiaries outstanding as of such date (other than any Indebtedness with respect to which the Borrower is not obligated to pay or accrue any cash interest expense as of such date), in the amount that would be reflected on a balance sheet prepared as of such date on a consolidated basis in accordance with GAAP, and (b) the aggregate

amount of any Guarantee by Holdings, the Borrower or any Subsidiary of any such Indebtedness of any other Person.

"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 or other obligation 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 other obligation 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 or other obligation of the payment thereof, (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 or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation, provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantee Agreement" means the Guarantee Agreement, substantially in the form of Exhibit C, among Holdings, the Subsidiary Loan Parties and the Collateral Agent for the benefit of the Secured Parties.

"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.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"Holdings" means SCG Holding Corporation, a Delaware corporation.

"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 current accounts payable incurred in the ordinary course of business), (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 and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. 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 Hedging Agreements or (b) agreements providing for indemnification, purchase price adjustments or similar obligations incurred or assumed in connection with the acquisition or disposition of assets or stock.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnity, Subrogation and Contribution Agreement" means the Indemnity, Subrogation and Contribution Agreement, substantially in the form of Exhibit D, among the Borrower, the Subsidiary Loan Parties and the Collateral Agent.

"Information Memorandum" means the Confidential Information Memorandum dated July 1999, as modified or supplemented prior to the Effective Date, relating to the Borrower and the Transactions.

"Interest Election Request" means a request by the Borrower to convert or continue a Revolving Borrowing or Term Borrowing in accordance with Section 2.07.

"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, (b) with respect to any Eurodollar 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 Eurodollar 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 (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" means, with respect to any Eurodollar 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 (a) 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 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 (b) any Interest Period 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.

"Investor" means TPG Semiconductor Holdings LLC, a Delaware limited liability company that is wholly owned by TPG.

"IPO" means a bona fide underwritten initial public offering of voting common stock of Holdings as a direct result of which at least 10% of the aggregate voting common stock of Holdings (calculated on a fully diluted basis after giving effect to all options to acquire voting common stock of Holdings then outstanding, regardless of whether such options are then currently exercisable) is beneficially owned by Persons other than TPG, the Investor, Holdings and their respective Affiliates (including, in the case of Holdings, all directors, officers and employees of Holdings, the Borrower and any Subsidiary).

"Issuing Bank" means The Chase Manhattan Bank, in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(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.

"Joint Venture Holding Companies" means SCG (Malaysia SMP) Holding Corporation, SCG (Czech) Holding Corporation and SCG (China) Holding Corporation, each a Delaware corporation.

"Junior Subordinated Note" means the 10% Junior Subordinated Note due 2011 of the Borrower.

"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 amount of all outstanding Letters of Credit at such time plus (b) the aggregate 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 Revolving Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"Leshan JV Agreement" means the Joint Venture Contract dated as of March 1, 1995, by and between Leshan Radio Company, Ltd. and Motorola International Development Corporation.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"Leverage Ratio" means, on any date, the ratio of (a) Funded Indebtedness as of such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters of Holdings ended on such date (or, if such date is not the last day of a fiscal quarter, ended on the last day of the fiscal quarter of Holdings most recently ended prior to such date).

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Dow Jones Market Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the LIBO Rate with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"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 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, the Guarantee Agreement, the Indemnity, Subrogation and Contribution Agreement and the Security Documents.

"Loan Parties" means Holdings, the Borrower and the Subsidiary Loan Parties.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Long-Term Indebtedness" means any Indebtedness that, in accordance with GAAP, constitutes (or, when incurred, constituted) a long-term liability.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, properties, financial condition or prospects of Holdings, the Borrower and the Subsidiaries, taken as a whole, (b) the ability of the Loan Parties to perform their obligations under the Loan Documents or (c) any material rights of or benefits available to the Lenders under the Loan Documents.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Hedging Agreements, of any one or more of Holdings, the Borrower and the Subsidiaries in an aggregate principal amount exceeding $10,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the

obligations of Holdings, the Borrower or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that Holdings, the Borrower or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means a mortgage, deed of trust, assignment of leases and rents, leasehold mortgage or other security document granting a Lien on any Mortgaged Property to secure the Obligations. Each Mortgage shall be reasonably satisfactory in form and substance to the Collateral Agent.

"Mortgaged Property" means, initially, each parcel of real property and the improvements thereto owned by a Loan Party and identified on Schedule 1.01, and includes each other parcel of real property and improvements thereto with respect to which a Mortgage is granted pursuant to Section 5.12 or 5.13.

"Motorola" means Motorola, Inc., a Delaware corporation.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Proceeds" means, with respect to any event (a) the cash proceeds received in respect of such event, including (i) any cash received in respect of any non-cash proceeds, but only as and when received, (ii) in the case of a casualty or other insured damage, insurance proceeds in excess of $1,000,000, and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, net of (b) the sum of (i) all reasonable fees and out-of-pocket expenses (including underwriting discounts and commissions and collection expenses) paid or payable by Holdings, the Borrower and the Subsidiaries to third parties in connection with such event, (ii) in the case of a sale, transfer or other disposition of an asset (including pursuant to a sale and leaseback transaction or a casualty or a condemnation or similar proceeding), the amount of all payments required to be made by Holdings, the Borrower and the Subsidiaries as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event, and (iii) the amount of all taxes paid (or reasonably estimated to be payable) by Holdings, the Borrower and the Subsidiaries, and the amount of any reserves established by Holdings, the Borrower and the Subsidiaries to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by the chief financial officer of the Borrower). Notwithstanding anything to the contrary set forth above, the proceeds of any sale, transfer or other disposition of Receivables or Related Property (or any interest therein) pursuant to any Permitted Receivables Financing shall not be deemed to constitute Net Proceeds except to the extent that such sale, transfer or other disposition (a) is the initial sale, transfer or other disposition of Receivables or Related Property (or any interest therein) in connection with the establishment of such Permitted Receivables Financing or (b) occurs in connection with an increase in the aggregate outstanding amount of such Permitted Receivables Financing over the

aggregate outstanding amount of such Permitted Receivables Financing at the time of such initial sale, transfer or other disposition.

"Net Working Capital" means, at any date, (a) the consolidated current assets and non-current deferred income tax assets of Holdings, the Borrower and the consolidated Subsidiaries as of such date (excluding cash and Permitted Investments) minus (b) the consolidated current liabilities and non-current deferred income tax liabilities of Holdings, the Borrower and the consolidated Subsidiaries as of such date (excluding current liabilities that constitute Indebtedness). Net Working Capital at any date may be a positive or negative number. Net Working Capital increases when it becomes more positive or less negative and decreases when it becomes less positive or more negative.

"Obligations" has the meaning assigned to such term in the Security Agreement.

"Other Taxes" means any and all current or future recording, stamp, documentary, excise, transfer, sales, property or similar taxes, charges or levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Perfection Certificate" means a certificate in the form of Annex 2 to the Security Agreement or any other form approved by the Borrower and the Administrative Agent.

"Permitted Acquisition" means any acquisition (whether by purchase, merger, consolidation or otherwise) by the Borrower or any consolidated Subsidiary of all or substantially all the assets of, or all 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 and the Subsidiaries were engaged on the Effective Date, (c) each Subsidiary formed for the purpose of or resulting from such acquisition shall be a Subsidiary Loan Party and all of the Equity Interests of such Subsidiary Loan Party shall be owned directly by the Borrower or a consolidated Subsidiary Loan Party and all actions required to be taken with respect to such acquired or newly formed Subsidiary Loan Party under Sections 5.12 and 5.13 shall have been taken, (d) Holdings, the Borrower and the Subsidiaries are in compliance, on a pro forma basis after giving effect to such acquisition (without giving effect to any cost savings other than those actually realized as of the date of such acquisition), with the covenants contained in Sections 6.12 and 6.13 recomputed as at the last day of the most recently ended fiscal quarter of Holdings for which financial statements are available, as if such acquisition (and any related incurrence or repayment of Indebtedness, with any new Indebtedness being deemed to be amortized over the applicable testing period in accordance with its terms) had occurred on the first day of each relevant period for testing such compliance and (e) Holdings has delivered to the Administrative Agent an officers' certificate to the effect set forth in clauses (a), (b), (c) and (d) above, together with all relevant financial information for the Person or assets to be acquired and reasonably detailed calculations demonstrating satisfaction of the requirement set forth in clause (d) above.

"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 5.05;

(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 compliance with Section 5.05;

(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 (other than Liens on Collateral) 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 Article VII;

(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 Subsidiary;

(g) ground leases in respect of real property on which facilities owned or leased by the Borrower or any of the Subsidiaries are located;

(h) any interest or title of a lessor under any lease permitted by this Agreement;

(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; and

(j) leases or subleases granted to other Persons and not interfering in any material respect with the business of the Borrower and the Subsidiaries, taken as a whole,

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 by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America);

(b) investments in commercial paper maturing not more than one year after the date of acquisition thereof and having, at such date of acquisition, one of the two highest credit ratings obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing not more than one year after the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts and overnight bank deposits issued or offered by, any commercial bank organized under the laws of the United States of America or any State thereof or any foreign country recognized by the United States of America that has a combined capital and surplus and undivided profits of not less than $250,000,000 (or the foreign-currency equivalent thereof);

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above or clause (e) or (f) below and entered into with a financial institution satisfying the criteria described in clause (c) above;

(e) securities issued by any state of the United States of America or any political subdivision of any such state 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;

(f) 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; and

(g) investments in funds that invest solely in one or more types of securities described in clauses (a), (e) and (f) above.

"Permitted Receivables Financing" means any financing pursuant to which (a) the Borrower or any Subsidiary sells, conveys or otherwise transfers to a Receivables Subsidiary, in "true sale" transactions, and (b) such Receivables Subsidiary sells, conveys or otherwise transfers to any other Person or grants a security interest to any other Person in, any Receivables (whether now existing or hereafter acquired) of the Borrower or any Subsidiary or any undivided interest therein, and any assets related thereto (including all collateral securing such Receivables), all contracts and all Guarantees or other obligations in respect of such Receivables, proceeds of such Receivables and other assets that are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving Receivables, provided that the board of directors of Holdings shall have determined in good faith that such Permitted Receivables Financing is economically fair and reasonable to Holdings, the Borrower and the Subsidiaries, taken as a whole.

"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 Agreement" means the Pledge Agreement, substantially in the form of Exhibit E, among the Loan Parties and the Collateral Agent for the benefit of the Secured Parties.

"Prepayment Event" means:

(a) any sale, transfer or other disposition (including pursuant to a Permitted Receivables Financing or a sale and leaseback transaction) of any property or asset of the Borrower or any Subsidiary, including any Equity Interest owned by it, other than (i) dispositions described in clauses (a) and (b) of Section 6.05 and (ii) other dispositions resulting in aggregate Net Proceeds not exceeding $1,000,000 during any fiscal year of the Borrower; or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Borrower or any Subsidiary, but only to the extent that the Net Proceeds therefrom have not been applied to repair, restore or replace such property or asset within 365 days after such event; or

(c) the incurrence by Holdings, the Borrower or any Subsidiary of any Indebtedness, other than Indebtedness permitted by Section 6.01.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by The Chase Manhattan Bank 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.

"Recapitalization" means (a) the recapitalization of Holdings in accordance with the Recapitalization Agreement pursuant to which the Investor will acquire approximately 91% of the common stock of Holdings and (b) the related transactions contemplated by the Recapitalization Agreement.

"Recapitalization Agreement" means the Agreement and Plan of Recapitalization and Merger dated as of May 11, 1999, among Motorola, Holdings, the Borrower, the Investor and TPG Semiconductor Acquisition Corp., as amended.

"Recapitalization Documents" means the Recapitalization Agreement, the Reorganization Agreement and the Transition Agreements.

"Receivable" means the Indebtedness and payment obligations of any Person to the Borrower or any of the Subsidiaries or acquired by the Borrower or any of the Subsidiaries (including obligations constituting an account or general intangible or evidenced by a note, instrument, contract, security agreement, chattel paper or other evidence of indebtedness or security) arising from a sale of merchandise or the provision of services by the Borrower or any Subsidiary or the Person from which such Indebtedness and payment obligation were acquired by the Borrower or any of the Subsidiaries, including (a) any right to payment for goods sold or

for services rendered and (b) the right to payment of any interest, sales taxes, finance charges, returned check or late charges and other obligations of such Person with respect thereto.

"Receivables Subsidiary" means a corporation or other entity that is a newly formed, wholly owned, bankruptcy-remote, special purpose subsidiary of Holdings, the Borrower or any wholly owned Subsidiary (a) that engages in no activities other than in connection with the financing of Receivables, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business (including servicing of Receivables), (b) that is designated by the board of directors of the Borrower (as provided below) as a Receivables Subsidiary, (c) of which no portion of its Indebtedness or any other obligations (contingent or otherwise) (i) is Guaranteed by Holdings, the Borrower or any Subsidiary (other than 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 and other than any obligation to sell or transfer Receivables or (iii) subjects any property or asset of Holdings, the Borrower or any Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, (d) with which none of Holdings, the Borrower or any Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Permitted Receivables Financing) other than on terms no 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, other than fees payable in the ordinary course of business in connection with servicing Receivables, and (e) to which none of Holdings, the Borrower or 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. Upon any such designation, a Financial Officer of the Borrower shall deliver a certificate to the Administrative Agent certifying (a) the resolution of the board of directors of the Borrower giving effect to such designation, (b) that, to the best of such officer's knowledge and belief after consulting with counsel, such designation complied with the foregoing conditions, (c) that after giving effect to such designation (including any Indebtedness permitted to exist in connection with such designation), Holdings and the Borrower shall be in compliance, on a pro forma basis, with the covenants set forth in Section 6.12 and 6.13 and (d) immediately after giving effect to such designation, no Default shall have occurred and be continuing.

"Register" has the meaning set forth in Section 9.04(c).

"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.

"Related Property" shall mean, with respect to each Receivable:

(a) all the interest of the Borrower or any Subsidiary in the goods, if any, sold and delivered to an obligor relating to the sale that gave rise to such Receivable,

(b) all other security interests or Liens, and the interest of the Borrower or any Subsidiary in the property subject thereto, from time to time purporting to secure

payment of such Receivable, together with all financing statements signed by an obligor describing any collateral securing such Receivable and

(c) all guarantees, insurance, letters of credit and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable,

in the case of clauses (b) and (c), whether pursuant to the contract related to such Receivable or otherwise or pursuant to any obligations evidenced by a note, instrument, contract, security agreement, chattel paper or other evidence of Indebtedness or security and the proceeds thereof.

"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.

"Reorganization Agreement" means the Reorganization Agreement dated as of May 11, 1999, by and among Motorola, Holdings and the Borrower, as amended.

"Required Lenders" means, at any time, Lenders having Revolving Exposures, Term Loans and unused Commitments representing more than 50% of the sum of the total Revolving Exposures, outstanding Term Loans 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 in Holdings, the Borrower or any 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 Equity Interests in Holdings, the Borrower or any Subsidiary or any option, warrant or other right to acquire any such Equity Interests in Holdings, the Borrower or any Subsidiary.

"Revolving Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Revolving Maturity Date and the date of termination of the Revolving Commitments.

"Revolving Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) 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 Revolving Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Revolving Commitment, as applicable. The initial aggregate amount of the Lenders' Revolving Commitments is $150,000,000.

"Revolving Exposure" means, with respect to any Lender at any time, the sum of (a) the outstanding principal amount of such Lender's Revolving Loans and (b) such Lender's LC Exposure and Swingline Exposure at such time.

"Revolving Lender" means a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

"Revolving Loan" means a Loan made pursuant to clause (d) of Section 2.01.

"Revolving Maturity Date" means the earlier of (a) August 4, 2005, or, if such day is not a Business Day, the next preceding Business Day and (b) the date of the repayment in full of the Tranche A Term Loans.

"SCG Restructuring" means the restructuring of the business of the Borrower and the Subsidiaries described in Section 3 of the Information Memorandum.

"S&P" means Standard & Poor's Rating Service.

"SMP" means Surface Mount Products Malaysia Sendirian Berhad, a Malaysian private limited liability company.

"SMP JV Agreement" means the Joint Venture Agreement dated as of July 31, 1992, and August 17, 1992, by and between Motorola and Philips Semiconductors International B.V.

"Secured Parties" has the meaning assigned to such term in the Security Agreement.

"Security Agreement" means the Security Agreement, substantially in the form of Exhibit F, among the Borrower, Holdings, the Subsidiary Loan Parties and the Collateral Agent for the benefit of the Secured Parties.

"Security Documents" means the Security Agreement, the Collateral Assignment, the Pledge Agreement, the Mortgages and each other security agreement or other instrument or document executed and delivered pursuant to Section 5.12 or 5.13 to secure any of the Obligations.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into at any time by Holdings, the Borrower or any Subsidiary that are reasonably customary in an accounts receivable 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 percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject (a) with respect to the Base CD Rate, for new negotiable nonpersonal time deposits in dollars of over $100,000 with maturities approximately equal to three months and (b) with respect to the Adjusted LIBO Rate, for eurocurrency funding

(currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subordinated Debt" means the Senior Subordinated Notes due 2009 to be issued by Holdings and the Borrower as co-issuers on or prior to the Effective Date in the aggregate principal amount of $400,000,000 and the Indebtedness represented thereby (including the Note Guarantees, Exchange Notes (each as defined in Subordinated Debt Documents), guarantees of Exchange Notes and any replacement Notes).

"Subordinated Debt Documents" means the indenture under which the Subordinated Debt is issued and all other instruments, agreements and other documents evidencing or governing the Subordinated Debt or providing for any Guarantee or other right in respect thereof.

"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 (a) 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, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"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) Tesla Sezam, a.s., a corporation existing under the laws of the Czech Republic, (b) Terosil, a.s., a corporation existing under the laws of the Czech Republic, (c) Slovakia Electronic Industries, a.s., a corporation existing under the laws of Slovakia, and (d) 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 date hereof.

"Subsidiary Loan Party" means any Subsidiary that is not a Foreign Subsidiary or a Receivables Subsidiary.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Revolving Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lender" means The Chase Manhattan Bank, in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.04.

"Taxes" means any and all current or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Term Loans" means Tranche A Term Loans, Tranche B Term Loans and Tranche C Term Loans.

"Three-Month Secondary CD Rate" means, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day is not a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day) or, if such rate is not so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day is not a Business Day, on the next preceding Business Day) by the Administrative Agent from three negotiable certificate of deposit dealers of recognized standing selected by it.

"TPG" means TPG Partners II, L.P. and its Affiliates, provided that no such Affiliate shall be deemed a member of TPG to the extent it ceases to be Controlled by, or under common Control with, TPG Partners II, L.P.

"Tranche", when used in reference to any Borrowings, refers to whether such Borrowings consist of Revolving Loans, Tranche A Term Loans, Tranche B Term Loans or Tranche C Term Loans.

"Tranche A Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make Tranche A Term Loans hereunder on or after the Effective Date, expressed as an amount representing the maximum principal amount of the Tranche A Term Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) 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 Tranche A Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Tranche A Commitment, as applicable. The initial aggregate amount of the Lenders' Tranche A Commitments is $200,000,000.

"Tranche A Lender" means a Lender with a Tranche A Commitment or an outstanding Tranche A Term Loan.

"Tranche A Maturity Date" means August 4, 2005, or, if such day is not a Business Day, the next preceding Business Day.

"Tranche A Term Loan" means a Loan made pursuant to clause (a) of Section 2.01.

"Tranche B Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make a Tranche B Term Loan hereunder on the Effective Date, expressed as an amount representing the maximum principal amount of the Tranche B Term Loan to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) 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 Tranche B Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Tranche B Commitment, as applicable. The initial aggregate amount of the Lenders' Tranche B Commitments is $325,000,000.

"Tranche B Lender" means a Lender with a Tranche B Commitment or an outstanding Tranche B Term Loan.

"Tranche B Maturity Date" means August 4, 2006, or, if such day is not a Business Day, the next preceding Business Day.

"Tranche B Term Loan" means a Loan made pursuant to clause (b) of Section 2.01.

"Tranche C Commitment" means, with respect to each Lender, the commitment, if any, of such Lender to make a Tranche C Term Loan hereunder on the Effective Date, expressed as an amount representing the maximum principal amount of the Tranche C Term Loan to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) 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 Tranche C Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Tranche C Commitment, as applicable. The initial aggregate amount of the Lenders' Tranche C Commitments is $350,000,000.

"Tranche C Lender" means a Lender with a Tranche C Commitment or an outstanding Tranche C Term Loan.

"Tranche C Maturity Date" means August 4, 2007, or, if such day is not a Business Day, the next preceding Business Day.

"Tranche C Term Loan" means a Loan made pursuant to clause (c) of Section 2.01.

"Transactions" means the Recapitalization and the Financing Transactions.

"Transition Agreements" means agreements to be entered into with Motorola or its Affiliates as contemplated by the Recapitalization Agreement and as in effect on the Effective Date and as amended from time to time in accordance with Section 6.11(b).

"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.

"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.

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 "Revolving Loan") or by Type (e.g., a "Eurodollar Loan") or by Class and Type (e.g., a "Eurodollar Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurodollar Borrowing") or by Class and Type (e.g., a "Eurodollar 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". 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, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) 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, (d) 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 (e) 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. 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 the Borrower notifies the Administrative Agent that the Borrower 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 the Borrower 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.

SECTION 1.05. Interim Financial Calculations. For purposes of determining the Leverage Ratio and for purposes of determining compliance with Sections 6.12 and 6.13:

(a) for any period of four consecutive fiscal quarters ended on or prior to September 30, 2000, Consolidated EBITDA shall be deemed to be the Consolidated EBITDA of Holdings, the Borrower and the Subsidiaries (or their respective predecessor

entities) for such period determined on a consolidated basis in accordance with GAAP (it being understood that Consolidated EBITDA for the fiscal quarter ended (i) December 31, 1998, was $86,500,000, (ii) March 31, 1999, was $76,300,000 and (iii) June 30, 1999, was $94,100,000); and

(b) (i) Consolidated Cash Interest Expense for the period of four consecutive fiscal quarters ending on September 30, 1999, shall be equal to the product of (A) Consolidated Cash Interest Expense for the period of two fiscal months ending on September 30, 1999, and (B) a fraction the numerator of which is 12 and the denominator of which is two, (ii) Consolidated Cash Interest Expense for the period of four consecutive fiscal quarters ending on December 31, 1999, shall be equal to the product of (A) Consolidated Cash Interest Expense for the period of five fiscal months ending on December 31, 1999, and (B) a fraction the numerator of which is 12 and the denominator of which is five, (iii) Consolidated Cash Interest Expense for the period of four consecutive fiscal quarters ending on March 31, 2000, shall be equal to the product of (A) Consolidated Cash Interest Expense for the period of eight fiscal months ending on March 31, 2000, and (B) a fraction the numerator of which is 12 and the denominator of which is eight and (iv) Consolidated Cash Interest Expense for the period of four consecutive fiscal quarters ending on June 30, 2000, shall be equal to the product of (A) Consolidated Cash Interest Expense for the period of 11 fiscal months ending on June 30, 2000, and (B) a fraction the numerator of which is 12 and the denominator of which is 11.

ARTICLE II

THE CREDITS

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees (a) (i) to make a Tranche A Term Loan on the Effective Date in a principal amount equal to the lesser of (A) its Tranche A Commitment and (B) its Tranche A Commitment as of the date hereof multiplied by the fraction of which the numerator is 65.5 and the denominator is 200 and (ii) to make Tranche A Term Loans to the Borrower from time to time during the period from and including the Effective Date to the date that is six months after the Effective Date in an aggregate principal amount that will not result in the aggregate principal amount of all Tranche A Term Loans made by such Lender exceeding its Tranche A Commitment, (b) to make a Tranche B Term Loan to the Borrower on the Effective Date in a principal amount not exceeding its Tranche B Commitment, (c) to make a Tranche C Term Loan to the Borrower on the Effective Date in a principal amount not to exceed its Tranche C Commitment and (d) to make Revolving Loans to the Borrower from time to time during the Revolving Availability Period in an aggregate principal amount that will not result in such Lender's Revolving Exposure exceeding such Lender's Revolving Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans. Amounts repaid or prepaid in respect of Term Loans may not be reborrowed.

SECTION 2.02. Loans and Borrowings. (a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type

made by the 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.

(b) Subject to Section 2.14, each Revolving Borrowing and Term Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith, provided that all Borrowings made on the Effective Date shall be ABR Borrowings. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan, provided that (i) 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 and (ii) the Borrower shall not be required to make any greater payment under Section 2.17 to the applicable Lender than such Lender would have been entitled to receive if such Lender had not exercised such option.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $10,000,000. 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 total Revolving Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e). Each Swingline Loan shall be in an amount that is an integral multiple of $100,000 and not less than $500,000. 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 Eurodollar Borrowings outstanding with respect to any Tranche of Borrowings.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Revolving Loan, Tranche A Term Loan, Tranche B Term Loan or Tranche C Term Loan if the Interest Period requested with respect thereto would end after the Revolving Maturity Date, Tranche A Maturity Date, Tranche B Maturity Date or Tranche C Maturity Date, respectively.

SECTION 2.03. Requests for Borrowings. To request a Revolving Borrowing or Term Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 10:00 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 in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) whether the requested Borrowing is to be a Revolving Borrowing, Tranche A Term Borrowing, Tranche B Term Borrowing or Tranche C Term Borrowing;

(ii) the aggregate amount of such Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) subject to the proviso to the first sentence of Section 2.02(b), whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(v) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(vi) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar 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. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Revolving 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 $25,000,000 or (ii) the sum of the total Revolving Exposures exceeding the total Revolving 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 2.05(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 12:00 noon, New York City time, on any Business Day require the Revolving 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 Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Revolving Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Swingline Loans. Each Revolving 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 Lender's Applicable Percentage of such Swingline Loan or Swingline Loans. Each Revolving 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 Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Revolving 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 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 Revolving Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear. 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 2.05. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Revolving Availability Period and prior to the date that is five Business Days prior to the Revolving Maturity Date. 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.

(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 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) the LC Exposure shall not exceed $50,000,000 and (ii) the total Revolving Exposures shall not exceed the total Revolving Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Revolving 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 the Lenders, the Issuing Bank hereby grants to each Revolving Lender, and each Revolving Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such 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 an amount equal to such LC Disbursement not later than 2:00 p.m.,

New York City time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., New York City time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 2:00 p.m., New York City time, on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 10:00 a.m., New York City time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt, provided that the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Revolving Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving 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 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Revolving 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 Revolving 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 a Revolving Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving 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.

(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, any application for the issuance of a 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. None of the Administrative Agent, the Lenders, the Issuing Bank or 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 consequential 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 (i) 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 or (ii) the Issuing Bank's failure to issue a Letter of Credit in accordance with the terms of this Agreement when requested by the Borrower pursuant to Section 2.05(b). 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 and each issuance (or failure to issue) a Letter of Credit. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented that 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 Revolving 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, 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 Revolving Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the 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 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, Revolving 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, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon, provided that 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 Article VII. The Borrower also shall deposit cash collateral pursuant to this paragraph as and to the extent required by Section 2.11(b). Each such deposit pursuant to this paragraph or Section 2.11(b) shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. 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 Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. 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 Business Days after all Events of Default have been cured or waived. If the Borrower is required to provide an amount of cash collateral hereunder pursuant to Section 2.11(b), such amount (to the extent not applied as aforesaid) shall be returned to the Borrower as and to the extent that, after giving effect to such return, the Borrower would remain in compliance with Section 2.11(b) and no Event of Default shall have occurred and be continuing.

SECTION 2.06. 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 by 1:00 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, provided that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such

Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in New York City and designated by the Borrower in the applicable Borrowing Request, provided that ABR Revolving Loans and Swingline Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(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 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 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.

(c) Nothing in this Section 2.06 shall be deemed to relieve any Lender from its obligation to fulfill its Commitments hereunder or to prejudice any rights that the Borrower may have against any Lender as a result of any default by any such Lender hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to fulfill its Commitments hereunder).

SECTION 2.07. Interest Elections. (a) Each Revolving Borrowing and Term Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar 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 Eurodollar 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 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 a form approved by the Administrative Agent and signed by the Borrower.

(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 the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar 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 Eurodollar 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 such Borrowing shall be converted to an ABR Borrowing. 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 Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.08. Termination and Reduction of Commitments. (a) Unless previously terminated, (i) $65,500,000 of the Tranche A Commitments shall terminate at 5:00 p.m., New York City time, on the Effective Date and the remainder of the Tranche A Commitments shall terminate on the date that is six months after the Effective Date, (ii) the Tranche B Commitments and Tranche C Commitments shall terminate at 5:00 p.m., New York City time, on the Effective Date and (iii) the Revolving Commitments shall terminate on the Revolving Maturity Date.

(b) The Borrower may at any time, without premium or penalty, 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 and (ii) the Borrower shall not terminate or reduce the Revolving

Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.11, the sum of the Revolving Exposures would exceed the total Revolving Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three 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 Revolving Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, 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 such Class.

SECTION 2.09. 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 of such Lender on the Revolving Maturity Date, (ii) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10 and (iii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Revolving 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 five 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 that were outstanding on the date such Borrowing was requested.

(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 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, which accounts the Administrative Agent will make available to the Borrower upon its reasonable request.

(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 of any Class 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 a form approved by the Borrower and the Administrative Agent. 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 such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.10. Amortization of Term Loans. (a) Subject to adjustment pursuant to paragraph (e) of this Section, the Borrower shall repay Tranche A Term Borrowings on each date set forth below in the aggregate principal amount set forth opposite such date:

Date	Amount
September 30, 2001	$ 7,500,000
December 31, 2001	7,500,000
March 31, 2002	7,500,000
June 30, 2002	7,500,000
September 30, 2002	10,000,000
December 31, 2002	10,000,000
March 31, 2003	10,000,000
June 30, 2003	10,000,000
September 30, 2003	12,500,000
December 31, 2003	12,500,000
March 31, 2004	12,500,000
June 30, 2004	12,500,000
September 30, 2004	20,000,000
December 31, 2004	20,000,000
March 31, 2005	20,000,000
August 4, 2005	20,000,000

(b) Subject to adjustment pursuant to paragraph (e) of this Section, the Borrower shall repay Tranche B Term Borrowings on each date set forth below in the aggregate principal amount set forth opposite such date:

Date	Amount
September 30, 2001	$ 812,500
December 31, 2001	812,500
March 31, 2002	812,500
June 30, 2002	812,500
September 30, 2002	812,500
December 31, 2002	812,500
March 31, 2003	812,500

Date	Amount
June 30, 2003	812,500
September 30, 2003	812,500
December 31, 2003	812,500
March 31, 2004	812,500
June 30, 2004	812,500
September 30, 2004	812,500
December 31, 2004	812,500
March 31, 2005	812,500
June 30, 2005	812,500
September 30, 2005	78,000,000
December 31, 2005	78,000,000
March 31, 2006	78,000,000
August 4, 2006	78,000,000

(c) Subject to adjustment pursuant to paragraph (e) of this Section, the Borrower shall repay Tranche C Term Borrowings on each date set forth below in the aggregate principal amount set forth opposite such date:

Date	Amount
September 30, 2001	$ 875,000
December 31, 2001	875,000
March 31, 2002	875,000
June 30, 2002	875,000
September 30, 2002	875,000
December 31, 2002	875,000
March 31, 2003	875,000
June 30, 2003	875,000
September 30, 2003	875,000
December 31, 2003	875,000
March 31, 2004	875,000
June 30, 2004	875,000
September 30, 2004	875,000
December 31, 2004	875,000
March 31, 2005	875,000
June 30, 2005	875,000
September 30, 2005	875,000
December 31, 2005	875,000
March 31, 2006	875,000
June 30, 2006	875,000
September 30, 2006	83,125,000
December 31, 2006	83,125,000
March 31, 2007	83,125,000
August 4, 2007	83,125,000

(d) To the extent not previously paid, (i) all Tranche A Term Loans shall be due and payable on the Tranche A Maturity Date, (ii) all Tranche B Term Loans shall be due and payable on the Tranche B Maturity Date and (iii) all Tranche C Term Loans shall be due and payable on the Tranche C Maturity Date.

(e) Any prepayment of a Term Borrowing of any Class shall be applied to reduce the subsequent scheduled repayments of the Term Borrowings of such Class to be made pursuant to this Section ratably, provided that any prepayment made pursuant to Section 2.11(c) shall be applied to reduce the scheduled repayments of the Term Borrowings of such Class to be made pursuant to this Section in reverse chronological order. If the initial aggregate amount of the Lenders' Term Commitments of any Class exceeds the aggregate principal amount of Term Loans of such Class that are made, then the scheduled repayments of Term Borrowings of such Class to be made pursuant to this Section shall be reduced ratably by an aggregate amount equal to such excess.

(f) Prior to any repayment of any Term Borrowings of any Class hereunder, the Borrower shall select the Borrowing or Borrowings of the applicable Class to be repaid and shall notify the Administrative Agent by telephone (confirmed by telecopy) of such selection not later than 11:00 a.m., New York City time, three Business Days before the scheduled date of such repayment. Each repayment of a Borrowing shall be applied ratably to the Loans included in the repaid Borrowing. Repayments of Term Borrowings shall be accompanied by accrued interest on the amount repaid.

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, without premium or penalty (but subject to Section 2.16), subject to the requirements of this Section.

(b) In the event and on each occasion that the sum of the Revolving Exposures exceeds the total Revolving Commitments, the Borrower shall prepay Revolving Borrowings or Swingline Borrowings (or, if no such Borrowings are outstanding, deposit cash collateral in an account with the Administrative Agent pursuant to Section 2.05(j)) in an aggregate amount equal to such excess.

(c) In the event and on each occasion that any Net Proceeds are received by or on behalf of Holdings, the Borrower or any Subsidiary in respect of any Prepayment Event, the Borrower shall, within ten Business Days after such Net Proceeds are received, prepay Term Borrowings in an aggregate amount equal to such Net Proceeds, provided that, in the case of any event described in clause (a) of the definition of the term "Prepayment Event" (other than the sale, transfer or other disposition of Receivables in connection with a Permitted Receivables Financing), if the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that Holdings, the Borrower and the Subsidiaries intend to apply the Net Proceeds from such event (or a portion thereof specified in such certificate), within 180 days after receipt of such Net Proceeds, to acquire real property, equipment or other assets to be used in the business of the Borrower and the Subsidiaries, and certifying that no Default has occurred and is continuing, then no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds in respect of such event (or the portion of such Net Proceeds specified in such

certificate, if applicable) except to the extent of any such Net Proceeds therefrom that have not been so applied by the end of such 180-day period, at which time a prepayment shall be required in an amount equal to such Net Proceeds that have not been so applied.

(d) Following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2000, the Borrower shall prepay Term Borrowings in an aggregate amount equal to 50% of Excess Cash Flow for such fiscal year. Each prepayment pursuant to this paragraph shall be made on or before the date on which financial statements are delivered pursuant to Section 5.01 with respect to the fiscal year for which Excess Cash Flow is being calculated (and in any event within 90 days after the end of such fiscal year).

(e) Prior to any optional or mandatory prepayment of Borrowings hereunder, the Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to paragraph (f) of this Section. In the event of any optional or mandatory prepayment of Term Borrowings made at a time when Term Borrowings of more than one Class remain outstanding, the Borrower shall select Term Borrowings to be prepaid so that the aggregate amount of such prepayment is allocated between the Tranche A Term Borrowings, Tranche B Term Borrowings and Tranche C Term Borrowings pro rata based on the aggregate principal amount of outstanding Borrowings of each such Class, provided that, so long as and to the extent that any Tranche A Term Borrowing remains outstanding, any Tranche B Lender or Tranche C Lender may elect, by notice to the Administrative Agent by telephone (confirmed by telecopy) at least one Business Day prior to the prepayment date, to decline all or any portion of any prepayment of its Tranche B Term Loans or Tranche C Term Loans, as applicable, pursuant to this Section (other than an optional prepayment pursuant to paragraph (a) of this Section, which may not be declined), in which case the aggregate amount of the prepayment that would have been applied to prepay Tranche B Term Loans or Tranche C Term Loans, as applicable, but was so declined shall be applied to prepay Tranche A Term Borrowings.

(f) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 10:00 a.m., 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, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment, provided that, if a notice of optional prepayment of any Loans is given in connection with a conditional notice of termination of the Revolving Commitments as contemplated by Section 2.08, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08. Promptly following receipt of any such notice (other than a notice relating solely to Swingline Loans), the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment or to prepay such Borrowing in full. Each

prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13.

(g) In the event of and on each occasion of any prepayment of any Tranche B Term Borrowing or Tranche C Term Borrowing pursuant to Section 2.11(a) or (c), the Borrower shall pay to the Tranche B Lenders and Tranche C Lenders whose Tranche B Term Loans or Tranche C Term Loans, as applicable, are being prepaid a prepayment premium equal to (A) if such prepayment (or the date on which such prepayment is required to be made) occurs on or prior to the date that is one year after the Effective Date, 2.0% of the principal amount of the Tranche B Term Loans or Tranche C Term Loans, as applicable, being prepaid or (B) if such prepayment (or the date on which such prepayment is required to be made) occurs more than one year after the Effective Date but on or prior to the date that is two years after the Effective Date, 1.0% of the principal amount of the Tranche B Term Loans or Tranche C Term Loans, as applicable, being prepaid.

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 rate set forth in the definition of the term "Applicable Rate" on the average daily unused amount of the Commitments of such Lender during the period from and including the Effective Date to but excluding the date on which such Commitment terminates (it being understood that no commitment fee shall be payable in respect of the portion of any Commitment funded on the Effective Date). Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the dates on which the Commitments terminate, commencing on the first such date to occur after the Effective Date. 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). For purposes of computing commitment fees, a Revolving Commitment of a Lender shall be deemed to be used to the extent of the outstanding Revolving Loans and LC Exposure of such Lender (and the Swingline Exposure of such Lender shall be disregarded for such purpose).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Revolving Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate as interest on Eurodollar Revolving Loans on the average daily 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 Revolving Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to the Issuing Bank a fronting fee, which shall accrue at the rate of 0.25% per annum on the average daily amount of the 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 of termination of the Revolving Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, 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 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 Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within 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).

(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 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 Lenders entitled thereto. 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 Eurodollar 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, to the fullest extent permitted by applicable law, 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 Revolving 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, in the case of Revolving Loans, upon termination of the Revolving 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 Revolving 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 Eurodollar 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 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 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 or Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be prima facie evidence thereof.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be prima facie evidence thereof) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such 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 (it being understood that the Administrative Agent will use commercially reasonable efforts to give such notice as soon as practicable after such circumstances no longer exist), (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. Increased Costs. (a) If any Change in Law (except with respect to Taxes, which shall be governed by Section 2.17) shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement 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 Base CD Rate) or the Issuing Bank; or

(ii) impose on any Lender or the Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or the Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or otherwise), then 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, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on a 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), 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 prima facie evidence thereof. 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 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 270 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, and provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-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 Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(f) and is revoked in accordance therewith) or (d) the assignment of any Eurodollar 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, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount reasonably determined by such Lender to be the excess, if any, of (i) the amount of interest that 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 that would accrue on such principal amount for such period at the interest rate that such Lender would bid were it to bid, at the commencement of such period, for dollar

deposits of a comparable amount and period from other banks in the eurodollar 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 prima facie evidence thereof. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes, provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and the Issuing Bank, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or the Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or the Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or the Issuing Bank, shall be prima facie evidence thereof.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower 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.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate, provided that such Foreign Lender has received written notice from the Borrower advising it of the availability of such exemption or reduction and supplying all applicable documentation.

(f) If the Administrative Agent or a Lender or the Issuing Bank has received a refund of any Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, which the Administrative Agent or such Lender or the Issuing Bank is able to identify as such, it shall pay such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender or the Issuing Bank and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Borrower agrees to pay, upon the request of the Administrative Agent or such Lender or the Issuing Bank, the amount paid to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender or the Issuing Bank in the event the Administrative Agent or such Lender or the Issuing Bank is required to repay such refund to such Governmental Authority. Nothing contained in this Section 2.17(f) shall require the Administrative Agent or any Lender or the Issuing Bank to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrower or any other Person.

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 or under any other Loan Document (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 the time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 2:00 p.m., New York City time), 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 to the Administrative Agent at its offices at 270 Park Avenue, New York, New York, 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 and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document 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. All payments under each Loan Document shall be made in dollars.

(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) 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, Term 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, Term 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, Term 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, Term 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 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.

(d) 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.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or (e), 2.06(b), 2.18(d) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if 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 reasonable 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 any Lender requests compensation under Section 2.15, or if 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 if any Lender defaults in its obligation to fund Loans hereunder, 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), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Revolving Commitment is being assigned, the Issuing Bank and Swingline Lender), which consent shall not unreasonably be withheld, (ii) 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 (iii) 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. Nothing in this Section 2.19 shall be deemed to prejudice any rights that the Borrower may have against any Lender as a result of any default by any such Lender in its obligation to fund Loans hereunder.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers. Each of Holdings, the Borrower and the Subsidiaries 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.

SECTION 3.02. Authorization; Enforceability. The Transactions 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 filings necessary to perfect Liens created under the Loan Documents 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 any applicable law or regulation or the charter, by-laws or other organizational documents of Holdings, the Borrower or any of the Subsidiaries or any order of any Governmental Authority, (c) will not violate or result in a default under any material indenture, agreement or other instrument binding upon Holdings, the Borrower or any of the Subsidiaries 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 of the Subsidiaries, and (d) will not result in the creation or imposition of any Lien on any asset of Holdings, the Borrower or any of the Subsidiaries, except Liens created under the Loan Documents.

SECTION 3.04. Financial Condition; No Material Adverse Change. (a) Holdings has heretofore furnished to the Lenders its combined balance sheet and combined statements of revenues less direct and allocated expenses before taxes (i) as of and for the fiscal year ended December 31, 1998, reported on by KPMG LLP, independent public accountants, and (ii) as of and for the fiscal quarters and the portions of the fiscal year ended April 3, 1999 and July 3, 1999, in each case certified by its chief financial officer. Such financial statements present fairly, in all material respects, the consolidated financial position and results of operations and cash flows of Holdings, the Borrower and the Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Holdings has heretofore furnished to the Lenders a pro forma combined balance sheet and combined statements of revenues less direct and allocated expenses before taxes as of and for the fiscal year ended December 31, 1998, and as of and for the fiscal quarters and the portion of the fiscal year ended April 3, 1999 and July 3, 1999, after giving effect to the Transactions and the effects of the SCG Restructuring and including an analysis of the adjustments necessary to reconcile the entries in such pro forma financial statements to the corresponding financial statements delivered pursuant to paragraph (a) of this Section. Such pro forma consolidated financial statements (i) have been prepared in good faith based on the same assumptions used to prepare the pro forma financial statements included in the Information Memorandum (which assumptions are believed by Holdings and the Borrower to be reasonable), (ii) are based on the best information available to Holdings and the Borrower after due inquiry,

(iii) accurately reflect in all material respects all adjustments necessary to give effect to the Transactions and (iv) present fairly, in all material respects, the pro forma consolidated financial position and results of operations and cash flows of Holdings, the Borrower and the Subsidiaries as of such dates and for such periods, as if the Transactions and the effects of the SCG Restructuring had occurred on such dates or at the beginning of such periods, as applicable.

(c) Except as disclosed in the financial statements referred to in paragraphs (a) and (b) above or the notes thereto or in the Information Memorandum and except for the Disclosed Matters, after giving effect to the Transactions, 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.

(d) Since December 31, 1998, after giving effect to the accounting treatment of the Recapitalization, there has been no material adverse change in the business, assets, operations, prospects or condition, financial or otherwise, of Holdings, the Borrower and the Subsidiaries, taken as a whole.

SECTION 3.05. Properties. (a) Holdings, the Borrower and each of the Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business (including its Mortgaged Properties), 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.

(b) Holdings, the Borrower and each of the Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by Holdings, the Borrower and the 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.

(c) Schedule 3.05 sets forth the address of each real property that is owned or leased by the Borrower or any of the Subsidiaries as of the Effective Date after giving effect to the Transactions.

(d) As of the Effective Date, none of Holdings, the Borrower or any of the Subsidiaries has received notice of, or has knowledge of, any material pending or contemplated condemnation proceeding affecting any Mortgaged Property or any sale or disposition thereof in lieu of condemnation. Neither any Mortgaged Property nor any interest therein is subject to any right of first refusal, option or other contractual right to purchase such Mortgaged Property or interest therein.

SECTION 3.06. Litigation and Environmental 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, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve any of the Loan Documents or the Transactions.

(b) Except for the Disclosed Matters and except with respect to 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 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) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 3.07. Compliance with Laws and Agreements. Each of Holdings, the Borrower and the 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. No Default has occurred and is continuing.

SECTION 3.08. Investment and Holding Company Status. None of Holdings, the Borrower or any of the Subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

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. The present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans by an amount that, if it were required to be fully paid, would reasonably be expected to result in a Material Adverse Effect. Neither the Borrower nor any ERISA Affiliate has engaged in a transaction with respect to any employee benefit plan that would reasonably be expected to result in any material liability to the Borrower or any ERISA Affiliate pursuant to Section 4069 of ERISA.

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 Subsidiaries is subject, and all other matters known to any of them, 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, do 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. Subsidiaries. Holdings does not have any subsidiaries other than the Borrower and the Subsidiaries. Schedule 3.12 sets forth the name of, and the ownership interest of Holdings in, each Subsidiary and identifies each Subsidiary that is a Subsidiary Loan Party, in each case as of the Effective Date.

SECTION 3.13. Insurance. Schedule 3.13 sets forth a description of all insurance maintained by or on behalf of Holdings, the Borrower and the Subsidiaries as of the Effective Date. As of the Effective Date, all premiums in respect of such insurance that are required to have been paid have been paid. Holdings and the Borrower believe that the insurance maintained by or on behalf of Holdings, the Borrower and the Subsidiaries is adequate in all material respects.

SECTION 3.14. Labor Matters. 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 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 Subsidiary is bound.

SECTION 3.15. Solvency. Immediately after the consummation of the Transactions to occur on the Effective Date and immediately following the making of each Loan made on the Effective Date and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of each Loan Party, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of each Loan Party will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) each Loan Party will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) each Loan Party will not have unreasonably small capital

with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Effective Date.

SECTION 3.16. Senior. The Obligations constitute "Senior Indebtedness" under and as defined in the Subordinated Debt Documents.

SECTION 3.17. Year 2000. Any reprogramming required to permit the proper functioning, in and following the year 2000, of (a) the computer systems of Holdings, the Borrower and the Subsidiaries and (b) equipment containing embedded microchips (including systems and equipment supplied by others, including Motorola and its Affiliates, or with which Holdings's, the Borrower's or any Subsidiary's systems interface, including the systems and equipment of Motorola and its Affiliates) and the testing of all such systems and equipment, as so reprogrammed, will be completed by December 31, 1999. The cost to Holdings, the Borrower and the Subsidiaries of such reprogramming and testing and of the reasonably foreseeable consequences of year 2000 to Holdings, the Borrower and the Subsidiaries (including reprogramming errors and the failure of others' systems or equipment) will not result in a Material Adverse Effect.

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 from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(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 each of (i) Cleary, Gottlieb, Steen & Hamilton, counsel for the Borrower, substantially in the form of Exhibit B-1, and (ii) local counsel in each jurisdiction where a Mortgaged Property is located, substantially in the form of Exhibit B-2, and, in the case of each such opinion required by this paragraph, covering such other matters relating to the Loan Parties, the Loan Documents or the Transactions as the Required Lenders shall reasonably request. Each of Holdings and the Borrower hereby requests such counsel to deliver such opinions.

(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 each Loan Party, the authorization of the Transactions and any other legal matters relating to the Loan Parties, the Loan

Documents or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

(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 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 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 (including fees, charges and disbursements of counsel) required to be reimbursed or paid by any Loan Party hereunder or under any other Loan Document.

(f) The Collateral and Guarantee Requirement shall have been satisfied and the Administrative Agent shall have received a completed Perfection Certificate dated the Effective Date and signed by an executive officer or Financial Officer of Holdings, together with all attachments contemplated thereby, including the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties in the jurisdictions contemplated by the Perfection Certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(g) The Administrative Agent shall have received evidence that the insurance required by Section 5.07 and the Security Documents is in effect.

(h) The Investor shall have received gross cash proceeds of not less than $337,500,000 from the Equity Contribution.

(i) The Borrower shall have received gross cash proceeds of not less than $400,000,000 from the issuance of the Subordinated Debt. The terms and conditions of the Subordinated Debt and the provisions of the Subordinated Debt Documents shall be reasonably satisfactory to the Lenders. The Administrative Agent shall have received copies of the Subordinated Debt Documents, certified by a Financial Officer as complete and correct.

(j) The terms and conditions of (i) the Cumulative Preferred Stock and (ii) the Junior Subordinated Note (including in each case the terms and conditions relating to the dividend rate or interest rate thereof and the redemption thereof) shall be consistent with the terms and conditions set forth in Appendix C to the Information Memorandum and any terms and conditions not set forth therein shall be satisfactory to the Lenders. The Administrative Agent shall have received a copy of the Junior Subordinated Note and the Certificate of Designations, certified by a Financial Officer as complete and correct.

(k) All material consents and approvals required to be obtained from any Governmental Authority or other Person in connection with the Recapitalization and the

other Transactions shall have been obtained, and all applicable waiting periods and appeal periods shall have expired, in each case without the imposition of any burdensome conditions. The Recapitalization shall have been, or substantially simultaneously with the initial funding of Loans on the Effective Date shall be, consummated in accordance with the Recapitalization Documents and applicable law, without any amendment to or waiver of any material terms or conditions of the Recapitalization Documents not approved by the Required Lenders. The Administrative Agent shall have received copies of the Recapitalization Documents and all certificates, opinions and other documents delivered thereunder, certified by a Financial Officer as complete and correct.

(l) After giving effect to the Transactions, none of Holdings, the Borrower, any of the Subsidiaries or SMP shall have outstanding any shares of preferred stock or any Indebtedness, other than (i) Indebtedness incurred under the Loan Documents, (ii) the Subordinated Debt, (iii) the Junior Subordinated Note, (iv) the Cumulative Preferred Stock, (v) Indebtedness outstanding at SMP as of the date hereof that is non-recourse to each of Holdings, the Borrower and the Subsidiaries and (vi) the Indebtedness set forth on Schedule 6.01. The aggregate amount of fees and expenses (including underwriting discounts and commissions) payable or otherwise borne by Holdings, the Borrower and its Subsidiaries in connection with the Transactions shall not exceed $100,000,000.

(m) The Administrative Agent shall have received a solvency letter, in form and substance satisfactory to the Lenders, from Valuation Research, with respect to the solvency of the Loan Parties after giving effect to the Transactions.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 9.02) at or prior to 5:00 p.m., New York City time, on September 30, 1999, (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

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 receipt of the request therefor in accordance herewith and to the satisfaction of the following conditions:

(a) The representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects 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 to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as to such earlier 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 shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by Holdings and the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section. For purposes of the foregoing, the term "Borrowing" shall not include the continuation or conversion of Loans in which the aggregate amount of such Loans is not being increased.

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 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 and each Lender:

(a) 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) 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, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, 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 its Financial Officers 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) within 30 days after the end of each of the first two fiscal months of each fiscal quarter of Holdings, its unaudited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal month and the then elapsed portion of the fiscal year, all certified by one of its Financial Officers as presenting 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;

(d) concurrently with any delivery of financial statements under paragraph (a) or (b) above, a certificate of a Financial Officer of Holdings (i) certifying as to whether a Default has occurred and, if a Default has occurred, 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 Sections 6.12 and 6.13 and (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;

(e) concurrently with any delivery of financial statements under paragraph (a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(f) at least 30 days prior to 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) and, promptly when available, any significant revisions of such budget;

(g) 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 Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or, in the event the Holdings becomes a publicly traded company, distributed by Holdings to its public stockholders generally, as the case may be; 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.

SECTION 5.02. Notices of Material Events. Holdings and the Borrower will furnish to the Administrative Agent and each Lender written notice of the following promptly upon Holdings's or the Borrower's 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

Affiliate thereof that, if adversely determined, 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 liability of Holdings, the Borrower and the Subsidiaries in an aggregate amount exceeding $10,000,000; 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 or other executive officer of Holdings 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. Information Regarding Collateral. (a) Holdings will furnish to the Administrative Agent prompt written notice of any change (i) in any Loan Party's corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (ii) in the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (iii) in any Loan Party's identity or corporate structure or (iv) in any Loan Party's Federal Taxpayer Identification Number. Holdings agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made, or will have been made within any statutory period, under the Uniform Commercial Code or otherwise that are required in order for the Administrative Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral for the benefit of the Secured Parties. Holdings also agrees promptly to notify the Administrative Agent if any material portion of the Collateral is damaged or destroyed.

(b) Each year, at the time of delivery of annual financial statements with respect to the preceding fiscal year pursuant to paragraph (a) of Section 5.01, Holdings shall deliver to the Administrative Agent a certificate of a Financial Officer of Holdings (i) setting forth the information required pursuant to Section 2 of the Perfection Certificate or confirming that there has been no change in such information since the date of the Perfection Certificate delivered on the Effective Date or the date of the most recent certificate delivered pursuant to this Section and (ii) certifying that all Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to clause (i) above to the extent necessary to protect and perfect the security interests under the Security Agreement for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period).

SECTION 5.04. Existence; Conduct of Business. Each of Holdings and the Borrower will, and will cause each of the 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 its Subsidiaries, taken as a whole, provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03 or any sale of assets permitted under Section 6.05.

SECTION 5.05. Payment of Obligations. Each of Holdings and the Borrower will, and will cause each of the Subsidiaries to, pay its Indebtedness and other obligations, including 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 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 5.06. Maintenance of Properties. Each of Holdings and the Borrower will, and will cause each of the Subsidiaries to, keep and maintain all property material to the conduct of the business of Holdings, the Borrower and the Subsidiaries, taken as a whole, in good working order and condition, ordinary wear and tear excepted.

SECTION 5.07. Insurance. Each of Holdings and the Borrower will, and will cause each of the Subsidiaries to, maintain, with financially sound and reputable insurance companies (a) insurance in such amounts (with no greater risk retention) 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 and (b) all insurance required to be maintained pursuant to the Security Documents. Holdings will furnish to the Lenders, upon request of the Administrative Agent, information in reasonable detail as to the insurance so maintained.

SECTION 5.08. Casualty and Condemnation. Holdings (a) will furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any material portion of any Collateral or the commencement of any action or proceeding for the taking of any Collateral or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding and (b) will cause the Net Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) to be applied in accordance with the applicable provisions of the Security Documents.

SECTION 5.09. Books and Records; Inspection and Audit Rights. Each of Holdings and the Borrower will, and will cause each of the 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 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 5.10. 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, 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 5.11. Use of Proceeds and Letters of Credit. The proceeds of the Term Loans made on the Effective Date, together with the net proceeds of the Subordinated Debt, will be paid as a dividend by the Borrower to Holdings (or, to the extent applicable, advanced or contributed by Holdings or the Borrower to certain of the Foreign Subsidiaries) and used by the Borrower (and, to the extent applicable, such Foreign Subsidiaries), together with the use by the Investor of the proceeds of the Equity Contribution, solely for the payment of (a) amounts payable under the Recapitalization Documents as consideration for the Recapitalization, (b) fees and expenses payable in connection with the Transactions and (c) the repayment of $82,000,000 of Indebtedness of Foreign Subsidiaries. The proceeds of the Revolving Loans and Swingline Loans will be used only for general corporate purposes. 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 Subsidiary incurred in the ordinary course of business.

SECTION 5.12. Additional Subsidiaries. If any additional Subsidiary is formed or acquired after the Effective Date, Holdings will, within ten Business Days after such Subsidiary is formed or acquired, notify the Administrative Agent and the Lenders thereof and cause the Collateral and Guarantee Requirement to be satisfied with respect to such Subsidiary (if it is a Subsidiary Loan Party) and with respect to any Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of any Loan Party.

SECTION 5.13. Further Assurances. (a) Each of Holdings and the Borrower will, and will cause each Subsidiary Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), that may be required under any applicable law, or which the Administrative Agent or the Required Lenders may reasonably request, to cause the Collateral and Guarantee Requirement to be and remain satisfied, all at the expense of the Loan Parties. Holdings and the Borrower also agree to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

(b) If any material assets (including any real property or improvements thereto or any interest therein) are acquired by the Borrower or any Subsidiary Loan Party after the Effective Date (other than assets constituting Collateral under the Security Agreement or the Pledge Agreement that become subject to the Lien of the Security Agreement or the Pledge Agreement upon acquisition thereof), the Borrower will notify the Administrative Agent and the

Lenders thereof, and, if requested by the Administrative Agent or the Required Lenders, the Borrower will cause such assets to be subjected to a Lien securing the Obligations and will take, and cause the Subsidiary Loan Parties to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in paragraph (a) of this Section, all at the expense of the Loan Parties.

SECTION 5.14. Interest Rate Protection. As promptly as practicable, and in any event within 90 days after the Effective Date, the Borrower will enter into, and thereafter for a period of not less than three years after the Effective Date will maintain in effect, one or more interest rate protection agreements on such terms and with such parties as shall be reasonably satisfactory to the Administrative Agent, the effect of which shall be to ensure that at least 50% of the outstanding Long-Term Indebtedness of Holdings, the Borrower and the consolidated Subsidiaries is effectively subject to a fixed rate of interest.

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 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; Certain Equity Securities. (a) The Borrower will not, and Holdings and the Borrower will not permit any Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(i) Indebtedness created under the Loan Documents;

(ii) the Subordinated Debt;

(iii) the Junior Subordinated Note;

(iv) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and extensions, renewals, refinancings and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased weighted average life thereof;

(v) Indebtedness of the Borrower to Holdings or any Subsidiary and of any Subsidiary to the Borrower, Holdings or any other Subsidiary;

(vi) Guarantees by the Borrower and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary, provided that Guarantees by the Borrower or any Subsidiary Loan Party of Indebtedness of any Subsidiary that is not a Loan Party shall be subject to Section 6.04;

(vii) Indebtedness of the Borrower or any 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) and 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, provided that the aggregate principal amount of Indebtedness permitted by this clause (vii) shall not exceed $25,000,000 at any time outstanding;

(viii) Indebtedness of the Borrower or any Subsidiary in respect of workers' compensation claims, self-insurance obligations, performance bonds, surety, appeal or similar bonds and completion guarantees provided by the Borrower and the 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;

(ix) Indebtedness in respect of a Permitted Receivables Financing in an aggregate principal amount not to exceed $100,000,000, provided that the Net Proceeds resulting from the sale, transfer or other disposition of Receivables in connection with such Permitted Receivables Financing are applied in accordance with Section 2.11(c);

(x) Indebtedness of the Borrower or any Subsidiary that was (A) Indebtedness of any other Person existing at the time such other Person was merged with or became a Subsidiary, including Indebtedness incurred in connection with, or in contemplation of, such other Person's merging with or becoming a Subsidiary, and extensions, renewals, refinancings and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased weighted average life thereof, provided that the aggregate principal amount of Indebtedness permitted under this clause (x) shall not exceed $25,000,000 at any time outstanding;

(xi) other unsecured Indebtedness in an aggregate principal amount not exceeding $50,000,000 at any time outstanding, provided that the aggregate principal amount of Indebtedness of the Subsidiaries that are not Subsidiary Loan Parties permitted by this clause (xi) shall not exceed $25,000,000 at any time outstanding.

(b) Holdings will not create, incur, assume or permit to exist any Indebtedness except (i) Indebtedness created under the Loan Documents, (ii) the Subordinated Debt and (iii) Indebtedness permitted under clause (a)(v) of this Section 6.01.

(c) Neither Holdings nor the Borrower will, nor will they permit any Subsidiary to, issue any preferred stock or other preferred Equity Interests, except that (i) Holdings may issue the Cumulative Preferred Stock, (ii) Holdings may issue preferred stock or other preferred Equity Interests of Holdings that do not require mandatory cash dividends or redemptions and do not provide for any right on the part of the holder to require redemption, repurchase or repayment thereof, in each case prior to the date that is 91 days after August 4, 2007, and

(iii) Holdings, the Borrower or any Subsidiary may issue directors' qualifying shares or shares required by applicable law to be held by a Person other than Holdings, the Borrower or any Subsidiary.

SECTION 6.02. Liens. (a) The Borrower will not, and Holdings and the Borrower will not permit any 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) Liens created under the Loan Documents;

(ii) Permitted Encumbrances;

(iii) any Lien on any property or asset of the Borrower or any Subsidiary existing on the date hereof and set forth in Schedule 6.02, provided that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations that it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(iv) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary, provided that (A) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (B) such Lien shall not apply to any other property or assets of the Borrower or any 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 Subsidiary, as the case may be and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(v) Liens on fixed or capital assets acquired, constructed or improved by the Borrower or any Subsidiary, provided that (A) such Liens secure Indebtedness permitted by clause (vii) 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 or capital assets and (D) such security interests shall not apply to any other property or assets of the Borrower or any Subsidiary;

(vi) sales of Receivables and Related Property (or undivided interests therein) permitted under Section 6.05(d) and Liens on Receivables of a Receivables Subsidiary granted in connection with any Permitted Receivables Financing;

(vii) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of setoff or similar rights; and

(viii) Liens in favor of a landlord on leasehold improvements in leased premises.

(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 Agreement and Permitted Encumbrances.

SECTION 6.03. Fundamental Changes. (a) Neither Holdings nor the Borrower will, nor will they permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, 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 with Holdings or the Borrower in a transaction in which the surviving entity is a Person organized or existing under the laws of the United States of America, any State thereof or the District of Columbia and, if such surviving entity is not Holdings or the Borrower, as the case may be, such Person expressly assumes, in writing, all the obligations of Holdings or the Borrower, as the case may be, under the Loan Documents, (ii) any Person may merge with any Subsidiary in a transaction in which the surviving entity is a Subsidiary and, if any party to such merger is a Subsidiary Loan Party, is a Subsidiary Loan Party and (iii) any Subsidiary (other than a Subsidiary Loan Party) may liquidate or dissolve if the 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, provided that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Sections 6.04 and 6.08.

(b) The Borrower will not, and Holdings and the Borrower will not permit any of the Subsidiaries (other than a Receivables Subsidiary) to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and the Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto.

(c) 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 Joint Venture Holding Companies and activities incidental thereto. Holdings will not own or acquire any assets (other than shares of capital stock of the Borrower, shares of capital stock of the Joint Venture Holding Companies, cash and Permitted Investments) or incur any liabilities (other than liabilities under the Loan Documents, Guarantees by Holdings of obligations of the Borrower and the Subsidiaries under leases of real property, obligations under any stock option plans or other benefit plans for management or employees of Holdings, the Borrower and the Subsidiaries, liabilities imposed by law, including tax liabilities, and other liabilities incidental to its existence and permitted business and activities).

(d) No Receivables Subsidiary will engage in any business other than the purchase and sale or other transfer of Receivables (or participation interests therein) in connection with any Permitted Receivables Financing, together with activities directly related thereto.

SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions. The Borrower will not, and Holdings and the Borrower will not permit any of the Subsidiaries to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned 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) to the extent provided for by the terms of the Recapitalization;

(b) Permitted Investments;

(c) investments existing on the date hereof and set forth on Schedule 6.04;

(d) investments by the Borrower and the Subsidiaries that are Loan Parties in Equity Interests in their respective Subsidiaries that are Loan Parties and investments by Subsidiaries that are not Loan Parties in Equity Interests in their respective Subsidiaries, provided that any such Equity Interests held by a Loan Party shall be pledged pursuant to the Pledge Agreement (subject to the limitations applicable to voting stock of a Foreign Subsidiary and Equity Interests in the Foreign Joint Venture Companies referred to in the definition of the term "Collateral and Guarantee Requirement");

(e) loans or advances made by the Borrower to Holdings or any Subsidiary and made by Holdings or any Subsidiary to the Borrower or any other Subsidiary, provided that any such loans and advances made by a Loan Party shall be evidenced by a promissory note pledged pursuant to the Pledge Agreement;

(f) Guarantees constituting Indebtedness permitted by Section 6.01 (other than with respect to the Junior Subordinated Note) of Indebtedness of the Borrower or any Subsidiary Loan Party, provided that a Subsidiary shall not Guarantee the Subordinated Debt unless (i) such Subsidiary also has Guaranteed the Obligations pursuant to the Guarantee Agreement, (ii) such Guarantee of the Subordinated Debt is subordinated to such Guarantee of the Obligations on terms no less favorable to the Lenders than the subordination provisions of the Subordinated Debt and (iii) such Guarantee of the Subordinated Debt provides for the release and termination thereof, without action by any party, upon any release or termination of such Guarantee of the Obligations;

(g) 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;

(h) Permitted Acquisitions, provided that the sum of all consideration paid or otherwise delivered in connection with Permitted Acquisitions (including the principal amount of any Indebtedness issued as deferred purchase price and the fair market value of any other non-cash consideration) plus the aggregate principal amount of all Indebtedness otherwise incurred or assumed in connection with, or resulting from, Permitted Acquisitions (including Indebtedness of any acquired Persons outstanding at the time of the applicable Permitted Acquisition) shall not exceed, on a cumulative basis during the term of this Agreement, $50,000,000;

(i) any investments in or loans to any other Person received as noncash consideration for sales, transfers, leases and other dispositions permitted by Section 6.05;

(j) Guarantees by the Borrower and the Subsidiaries of leases entered into by any Subsidiary as lessee;

(k) extensions of credit in the nature of accounts receivable or notes receivable in the ordinary course of business;

(l) 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;

(m) loans or advances to employees made in the ordinary course of business consistent with prudent business practice and not exceeding $5,000,000 in the aggregate outstanding at any one time;

(n) 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 Subsidiary or in satisfaction of judgments;

(o) investments in the form of Hedging Agreements permitted under Section 6.07;

(p) investments by the Borrower or any Subsidiary in (i) the capital stock of a Receivables Subsidiary and (ii) other interests in a Receivables Subsidiary, in each case to the extent determined by the Borrower in its judgment to be reasonably necessary in connection with or required by the terms of the Permitted Receivables Financing;

(q) investments, loans, advances, guarantees and acquisitions resulting from a foreclosure by Holdings, the Borrower or any Subsidiary with respect to any secured investment or other transfer of title with respect to any secured investment in default;

(r) investments, loans, advances, guarantees and acquisitions the consideration for which consists solely of shares of common stock of Holdings; and

(s) other investments in an aggregate amount not to exceed $100,000,000 at any time outstanding.

SECTION 6.05. Asset Sales. The Borrower will not, and Holdings and the Borrower will not permit any of the 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 Subsidiaries to issue any additional Equity Interest in such Subsidiary, except:

(a) sales of inventory, used or surplus equipment and Permitted Investments in the ordinary course of business and the periodic clearance of aged inventory;

(b) sales, transfers and dispositions to the Borrower or a Subsidiary, provided that any such sales, transfers or dispositions involving a Subsidiary that is not a Loan Party shall be made in compliance with Section 6.09;

(c) transfers and dispositions in connection with the SCG Restructuring, provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance on this clause (c) shall not exceed $10,000,000;

(d) the Borrower and the Subsidiaries may sell, without recourse (other than Standard Securitization Undertakings and retained interests), Receivables to a Receivables Subsidiary, and any Receivables Subsidiary may sell Receivables and Related Property or an undivided interest therein to any other Person, pursuant to any Permitted Receivables Financing, and convert or exchange Receivables and Related Property into or for notes receivable in connection with the compromise or collection thereof; and

(e) sales, transfers and 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 in reliance upon this clause (e) shall not exceed $50,000,000 during any fiscal year of the Borrower;

provided that all sales, transfers, leases and other dispositions permitted hereby (other than those permitted by clause (b) above) shall be made for fair value and for consideration of at least 80% cash or cash equivalents.

SECTION 6.06. Sale and Leaseback Transactions. The Borrower will not, and Holdings and the Borrower will not permit any of the 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 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 Subsidiary acquires or completes the construction of such fixed or capital asset.

SECTION 6.07. Hedging Agreements. The Borrower will not, and Holdings and the Borrower will not permit any of the Subsidiaries to, enter into any Hedging Agreement, other than (a) Hedging Agreements required by Section 5.14 and (b) Hedging Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities.

SECTION 6.08. Restricted Payments; Certain Payments of Indebtedness. (a) Other than as specified in the first sentence of Section 5.11, neither Holdings nor the Borrower will, nor will they permit any 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) Subsidiaries

may declare and pay dividends ratably with respect to their capital stock, (iii) Holdings may make Restricted Payments, not exceeding $2,000,000 during any fiscal year, pursuant to and in accordance with stock option plans or other benefit plans for directors, management or employees of Holdings, the Borrower and the Subsidiaries, including the redemption or purchase of capital stock of Holdings held by former directors, management or employees of Holdings, the Borrower or any Subsidiary following termination of their employment, (iv) the Borrower may pay dividends to Holdings at such times and in such amounts, not exceeding $2,000,000 during any fiscal year, as shall be necessary to permit Holdings to discharge its permitted liabilities and (v) the Borrower and the Joint Venture Holding Companies may make Restricted Payments to Holdings at such times and in such amounts (but not prior to the fifth anniversary of the date of issuance of the Cumulative Preferred Stock) as shall be necessary to enable Holdings, after such fifth anniversary, to pay dividends in cash on such Cumulative Preferred Stock as and when declared and payable, provided that, at the time of each Restricted Payment made in reliance upon this clause (v) and after giving pro forma effect to such payment, the Leverage Ratio shall not exceed 1.50 to 1.00, (vi) Holdings, the Borrower and the Subsidiaries may make Restricted Payments as and to the extent contemplated by the Recapitalization Agreement and (vii) Holdings may make Restricted Payments on account of the purchase, redemption or repurchase of the Cumulative Preferred Stock with the net proceeds of a substantially concurrent IPO, provided that, after giving effect to such purchase, redemption or repurchase, no Default or Event of Default shall have occurred and be continuing.

(b) Neither Holdings nor the Borrower will, nor will they permit any Subsidiary to, make or agree to pay or make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Indebtedness, or any payment or other distribution (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 Indebtedness, except:

(i) payment of Indebtedness created under the Loan Documents;

(ii) payment of regularly scheduled interest and principal payments as and when due in respect of any Indebtedness, other than (A) payments in respect of the Subordinated Debt and the Junior Subordinated Note prohibited by the subordination provisions thereof, (B) principal payments in respect of the Junior Subordinated Note and (C) cash interest payments in respect of the Junior Subordinated Note unless, in the case of any such payment specified in this clause (C), at the time of such payment and after giving pro forma effect thereto the Leverage Ratio shall not exceed 1.50 to 1.00 and such payment is due and payable on or after the fifth anniversary of the date of issuance of the Junior Subordinated Note;

(iii) refinancings of Indebtedness to the extent permitted by Section 6.01;

(iv) payment of secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(v) payments on account of the purchase, redemption or repurchase of the Subordinated Debt with the net proceeds of a substantially concurrent IPO, provided that

(i) after giving effect to such purchase, redemption or repurchase, no Default or Event of Default shall have occurred and be continuing, (ii) no more than 35% of the aggregate principal amount of the Subordinated Debt issued on or prior to the Effective Date is purchased, redeemed or repurchased and (iii) at the time of any such payment, the net proceeds of such IPO remaining after such payment and any Restricted Payment made pursuant to clause (a)(vii) of this Section 6.08 are applied to prepay Term Borrowings pursuant to Section 2.11(a) (or, if no such Borrowings are outstanding or the outstanding amount of such Borrowings is less than the amount of the required prepayments, then to reduce Revolving Commitments pursuant to Section 2.08(b) by an aggregate amount equal to the amount of the required prepayment, or the excess of such amount over the outstanding Term Borrowings, as the case may be);

(vi) payments in respect of any Permitted Receivables Facility; and

(vii) repayment of certain Indebtedness of certain Foreign Subsidiaries on the Effective Date as specified in the first sentence of Section 5.11.

SECTION 6.09. Transactions with Affiliates. Neither Holdings nor the Borrower will, nor will they permit any 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 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 Subsidiary Loan Parties not involving any other Affiliate, (c) to pay management, consulting and advisory fees to TPG or its Affiliates pursuant to any financial advisory, financing, underwriting or placement agreement or in respect of other investment banking activities, including in connection with acquisitions or divestitures, in an aggregate amount not to exceed $2,000,000 in any fiscal year, (d) payments of fees and expenses to TPG and its Affiliates in connection with the Transactions, (e) 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 plans approved by the board of directors of Holdings, (f) the grant of stock options or similar rights to officers, employees, consultants and directors of Holdings pursuant to plans approved by the board of directors of Holdings and the payment of amounts or the issuance of securities pursuant thereto, (g) loans or advances to employees in the ordinary course of business consistent with prudent business practice, but in any event not to exceed $5,000,000 in the aggregate outstanding at any one time, (h) the Transition Agreements and (i) any Restricted Payment permitted by Section 6.08.

SECTION 6.10. Restrictive Agreements. Neither Holdings nor the Borrower will, nor will they permit any 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 Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Subsidiary or to Guarantee Indebtedness of the Borrower or any other Subsidiary, provided that (i) the foregoing shall not apply to restrictions and

conditions imposed by law or by any Loan Document or Subordinated Debt Document, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.10 (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 Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) 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, (v) clause (a) of the foregoing shall not apply to customary provisions in leases restricting the assignment thereof and (vi) the foregoing shall not apply to restrictions or conditions imposed on a Receivables Subsidiary in connection with a Permitted Receivables Financing.

SECTION 6.11. Amendment of Material Documents. (a) Neither Holdings nor the Borrower will, nor will they permit any Subsidiary to, amend, modify or waive any of its rights under (i) any Subordinated Debt Document, (ii) its certificate of incorporation, by-laws or other organizational documents (including the SMP JV Agreement and the Leshan JV Agreement), (iii) the Junior Subordinated Note or (iv) the Certificate of Designations.

(b) Neither Holdings nor the Borrower will, nor will they permit any Subsidiary to, amend, modify or waive any of its rights under any Recapitalization Document or terminate any Transition Agreement, in each case to the extent that such amendment, modification, waiver or termination would be adverse to the Lenders.

(c) Holdings and the Borrower will not, and will not permit any Subsidiary to, amend, modify or waive any of its rights under any Permitted Receivables Financing to the extent that such amendment, modification or waiver would be materially adverse to the Lenders.

SECTION 6.12. Interest Expense Coverage Ratio. The Borrower will not permit the ratio of (a) Consolidated EBITDA to (b) Consolidated Cash Interest Expense, in each case for any period of four consecutive fiscal quarters ending on any date during any period set forth below, to be less than the ratio set forth below opposite such period:

Period	Ratio
August 4, 1999 to December 30, 2000	2.00 to 1.00
December 31, 2000 to June 29, 2001	2.25 to 1.00
June 30, 2001 to June 29, 2002	2.50 to 1.00
June 30, 2002 to June 29, 2003	2.75 to 1.00
June 30, 2003 and thereafter	3.00 to 1.00

SECTION 6.13. Leverage Ratio. The Borrower will not permit the Leverage Ratio as of the end of any fiscal quarter during any period set forth below to exceed the ratio set forth opposite such period:

Period	Ratio
August 4, 1999 to December 30, 2000	4.75 to 1.00
December 31, 2000 to June 29, 2001	4.50 to 1.00
June 30, 2001 to December 30, 2001	4.25 to 1.00
December 31, 2001 to June 29, 2002	3.75 to 1.00
June 30, 2002 to December 30, 2002	3.50 to 1.00
December 31, 2002 to June 29, 2003	3.25 to 1.00
June 30, 2003 to December 30, 2003	3.25 to 1.00
December 31, 2003 and thereafter	3.00 to 1.00

SECTION 6.14. Capital Expenditures. The Borrower and Subsidiaries shall not incur or make Capital Expenditures during any fiscal year (commencing with fiscal year 1999) in an amount exceeding $200,000,000, provided that such $200,000,000 permitted amount shall be increased with respect to any fiscal year by an amount equal to the portion of Excess Cash Flow for the immediately preceding fiscal year that is not required to be applied to make prepayments of Loans pursuant to Section 2.11(d).

The amount of Capital Expenditures permitted to be made by the immediately preceding paragraph in respect of any fiscal year shall be increased by (a) the unused amount of Capital Expenditures that were permitted to be made during the immediately preceding fiscal year pursuant to the immediately preceding paragraph (without giving effect to the proviso to such paragraph) minus (b) an amount equal to the unused permitted Capital Expenditures carried forward to such preceding fiscal year.

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 Article) 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 days;

(c) any representation or warranty made or deemed made by or on behalf of Holdings, the Borrower or any 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, 5.04 (with respect to the existence of Holdings or the Borrower) or 5.11 or in Article VI;

(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 Article), 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 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 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 secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(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 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 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 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 Article, (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 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 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 $10,000,000 (net of amounts covered by insurance as to which the insurer has admitted liability in writing) shall be rendered against Holdings, the Borrower, any 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 any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Holdings, the Borrower or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(m) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted by any Loan Party not to be, a valid and perfected Lien on Collateral having, in the aggregate, a value in excess of $5,000,000, with the priority required by the applicable Security Document, except (i) as a result of the sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents, (ii) any action taken by the Collateral Agent to release any such Lien in compliance with the provisions of this Agreement or any other Loan Document or (iii) as a result of the Collateral Agent's failure to maintain possession of any stock certificates, promissory notes or other instruments delivered to it under the Pledge Agreement;

(n) any default or other event shall have occurred under any document governing any Permitted Receivables Financing if the effect of such default or other event is to cause the termination of such Permitted Receivables Financing; or

(o) a Change in Control shall occur;

then, and in every such event (other than an event with respect to 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 the Borrower, 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 the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to 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 of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

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 "Subsidiary" shall be deemed not to include any 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 the Borrower most recently ended, have assets with a value in excess of 5.0% of the total consolidated assets of the Borrower and the Subsidiaries as of such date, provided that if it is necessary to exclude more than one Subsidiary from clause (h), (i) or (j) of Section 7.01 pursuant to this Section in order to avoid a Default thereunder, all excluded Subsidiaries shall be considered to be a single consolidated 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 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 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 thereunder or in connection therewith, (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, or (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.

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 the Borrower), 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 of and all 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 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 each 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 the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 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 that 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. 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 the Borrower 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 that it 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. Each Lender also acknowledges 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 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 other Loan Document or related agreement or any document furnished hereunder or thereunder.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, 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:

(a) if to Holdings or the Borrower, to it at 5005 East McDowell Road, Phoenix, Arizona 85018, Attention of President (Telecopy No. 602-244-4830);

(b) if to the Administrative Agent, to The Chase Manhattan Bank, Loan and Agency Services Group, One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of Janet Belden (Telecopy No. (212) 552-5658), with a copy to The Chase Manhattan Bank, 270 Park Avenue, New York, New York 10017, Attention of Edmond DeForest (Telecopy No. (212) 270-4584);

(c) if to the Issuing Bank, to The Chase Manhattan Bank, Loan and Agency Services Group, One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of Janet Belden (Telecopy No. (212) 552-5658);

(d) if to the Swingline Lender, to The Chase Manhattan Bank, Loan and Agency Services Group, One Chase Manhattan Plaza, 8th Floor, New York, New York 10081, Attention of Janet Belden (Telecopy No. (212) 552-5658); and

(e) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

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.

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 any Loan Document or consent to any departure by any Loan Party 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) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings, the Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto, in each case with the consent of the Required Lenders, provided that no such agreement shall (i) increase the Commitment 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 affected thereby, (iii) postpone the maturity of any Loan, or the date of any scheduled payment of the principal amount of any Term Loan under Section 2.10, or the required date of reimbursement of any LC Disbursement, or any date for the payment of any interest or fees payable hereunder, or reduce the amount of, waive or excuse any such scheduled payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) 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 percentage set forth in the definition of the term "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (or each Lender of such Class, as the case may be), (vi) release Holdings or any Subsidiary Loan Party from its Guarantee under the Guarantee Agreement (except as expressly provided in the Guarantee Agreement), or limit its liability in respect of such Guarantee, without the written consent of each Lender, (vii) except in strict accordance with the express provisions of the Security Documents, release all or any substantial part of the Collateral from the Liens of the Security Documents, without the written

consent of each Lender, (viii) change any provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of payments due to Lenders holding Loans of any Class differently than those holding Loans of any other Class, without the written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each affected Class, (ix) change the definition of "Interest Period" to include periods longer than six months or (x) change the rights of the Tranche B Lenders or the Tranche C Lenders to decline mandatory prepayments as provided in Section 2.11, without the written consent of Tranche B Lenders or the Tranche C Lenders, as applicable, holding a majority of the outstanding Tranche B Loans or Tranche C Loans, as applicable, and provided further that (A) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Bank or the Swingline Lender without the prior written consent of the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be, and (B) any waiver, amendment or modification of this Agreement that by its terms affects the rights or duties under this Agreement of the Revolving Lenders (but not the Tranche A Lenders, Tranche B Lenders and Tranche C Lenders), the Tranche A Lenders (but not the Revolving Lenders, Tranche B Lenders and Tranche C Lenders), the Tranche B Lenders (but not the Revolving Lenders, Tranche A Lenders and Tranche C Lenders) or the Tranche C Lenders (but not the Revolving Lenders, the Tranche A Lenders and the Tranche B Lenders) may be effected by an agreement or agreements in writing entered into by Holdings, the Borrower and requisite percentage in interest of the affected Class of Lenders that would be required to consent thereto under this Section if such Class of Lenders were the only Class of Lenders hereunder at the time. Notwithstanding the foregoing, any provision of this Agreement may be amended by an agreement in writing entered into by Holdings, the Borrower, the Required Lenders and the Administrative Agent (and, if their rights or obligations are affected thereby, the Issuing Bank and the Swingline Lender) if (i) by the terms of such agreement the Commitment of each Lender not consenting to the amendment provided for therein shall terminate upon the effectiveness of such amendment and (ii) at the time such amendment becomes effective, each Lender not consenting thereto receives payment in full of the principal of and interest accrued on each Loan made by it and all other amounts owing to it or accrued for its account under this Agreement.

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 and the Documentation Agents and their respective Affiliates, including the reasonable fees, charges and disbursements of one counsel in each applicable jurisdiction for the Administrative Agent and the Documentation Agents, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents or any amendments, modifications or waivers of the provisions 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, either Documentation Agent, the Issuing Bank or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, either Documentation Agent, the Issuing Bank or any Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents, 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 Documentation Agents, 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 related 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 other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents 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, Release or threatened Release of Hazardous Materials on or from any Mortgaged Property or any other property currently or formerly 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 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 resulted from the gross negligence or willful misconduct of such Indemnitee or any Related Person of such Indemnitee. It is acknowledged and agreed by the parties hereto that, solely in their capacities as Documentation Agents and not in their capacities as Lenders, the Documentation Agents have no duties hereunder.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, either Documentation Agent, the Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, such Documentation Agent, the Issuing Bank or the Swingline Lender, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, 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, such Documentation Agent, the Issuing Bank or the Swingline Lender in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum of the total Revolving Exposures, outstanding Term Loans and unused Commitments at the time.

(d) To the extent permitted by applicable law, neither Holdings nor the Borrower shall assert, and each hereby waives, any claim against any Indemnitee, 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 or any agreement or instrument contemplated hereby, 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 promptly after written demand therefor.

(f) Neither Motorola nor any director, officer, employee, stockholder or member, as such, of any Loan Party or Motorola shall have any liability for the Obligations or for any claim based on, in respect of or by reason of the Obligations or their creation; provided that the foregoing shall not be construed to relieve any Loan Party of its Obligations under any Loan Document.

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 the Borrower may not 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 the Borrower without such consent shall be null and void). 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) 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) Any Lender may assign to one or more assignees 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), provided that (i) except in the case of an assignment to a Lender or an Affiliate or Approved Fund of a Lender, each of the Borrower and the Administrative Agent (and, in the case of an assignment of all or a portion of a Revolving Commitment or any Lender's obligations in respect of its LC Exposure or Swingline Exposure, the Issuing Bank and the Swingline Lender) must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate or Approved Fund of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, (iii) 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, except that this clause (iii) 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, (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500, and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire, and provided further that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default under clause (a), (b), (g), (h), (i), (j), (n) or (o) of Article VII has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement (provided that any liability of the Borrower to such assignee under Section 2.15, 2.16 or 2.17 shall be limited to the amount, if any, that would

have been payable thereunder by the Borrower in the absence of such assignment), and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance 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 paragraph 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 (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount 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 may 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 the Borrower, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance 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 Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of the Borrower, the Administrative Agent, the Issuing Bank or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it), provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) 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 the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents, 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. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if

it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. 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(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(g) 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 any pledge or assignment to secure obligations to a Federal Reserve Bank, 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 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 provision hereof.

SECTION 9.06. Counterparts; Integration; Effectiveness. 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 that, 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 shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. Severability. Any provision of this Agreement 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 hereof; 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) 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 the Borrower against any of and all the obligations of the Borrower then existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement. The rights of each Lender under this Section are in addition to other rights and remedies (including any other rights of setoff) that 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 nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of 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 court 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 Holdings, the Borrower 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 that 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 (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, (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 hereunder 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 any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, or to any direct or indirect contractual counterparties in swap agreements or such contractual counterparties' professional advisors, (g) with the consent of the Borrower 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, the term "Information" means all information received from Holdings or the Borrower relating to Holdings or the Borrower or its 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. 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. 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 that are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that 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.

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.

SCG HOLDING CORPORATION,

by: /s/ Jean-Jacques Morin

Name: Jean-Jacques Morin
Title: Vice President

SEMICONDUCTOR COMPONENTS
INDUSTRIES, LLC,

by /s/ Jean-Jacques Morin

Name: Jean-Jacques Morin
Title: Vice President

THE CHASE MANHATTAN BANK,
individually and as Administrative Agent,

by /s/ Marian N. Schulman

Name: Marian N. Schulman
Title: Vice President

DLJ CAPITAL FUNDING, INC.,

by /s/ Eric S. Swanson

Name: Eric S. Swanson
Title: Managing Director

LEHMAN COMMERCIAL PAPER INC.,

by /s/ Michele Swanson

Name: Michele Swanson
Title: Authorized Signatory

SYNDICATED LOAN FUNDING TRUST

By: LEHMAN COMMERCIAL PAPER INC., Not in its individual capacity but solely as Asset Manager,

by /s/ Michele Swanson

Name: Michele Swanson
Title: Authorized Signatory

CREDIT LYONNAIS NEW YORK BRANCH,

by /s/ Attula Koc

Name: Attula Koc
Title: Senior Vice President

THE BANK OF NOVA SCOTIA,

by /s/ John Quick

Name: John Quick
Title: Senior Relationship Manager

ABN AMRO BANK N.V.,

by /s/ Kevin F. Malone

Name: Kevin F. Malone
Title: Group Vice President

/s/ John D. Rogers

Name: John D. Rogers
Title: Vice President

IBM CREDIT CORPORATION,

by /s/ Ronald J. Bachner

Name: Ronald J. Bachner
Title: Director, Commercial Financing Solutions Americas

BANK OF MONTREAL,

by /s/ R. J. McClorey

Name: R. J. McClorey
Title: Director

COMERICA WEST INCORPORATED,

by /s/ Eoin Collins

Name: Eoin Collins
Title: Account Officer

BANK OF CHINA, NEW YORK,

by /s/ Li, Chuanjie

Name: Li, Chuanjie
Title: General Manager

MERRILL LYNCH SENIOR FLOATING
RATE FUND, INC.,

by /s/ Joseph Moroney

Name: Joseph Moroney
Title: Authorized Signatory

MERRILL LYNCH SENIOR FLOATING
RATE FUND II, INC.,

by /s/ Joseph Moroney

Name: Joseph Moroney
Title: Authorized Signatory

VAN KAMPEN PRIME RATE INCOME
TRUST

By: Van Kampen Investment Advisory
Corp.,

by /s/ Lisa M. Mincheski

Name: Lisa M. Mincheski
Title: Vice President

ARCHIMEDES FUNDING II, LTD.

By: ING Capital Advisors, LLC
As Collateral Manager,

by /s/ Michael J. Campbell

Name: Michael J. Campbell
Title: Senior Vice President
& Portfolio Manager

KZH ING-2 LLC,

by /s/ Peter Chin

Name: Peter Chin
Title: Authorized Agent

KEMPER FLOATING RATE FUND,

by /s/ Mark E. Wittnebel

Name: Mark E. Wittnebel
Title: Senior Vice President

KZH RIVERSIDE LLC,

by /s/ Peter Chin

Name: Peter Chin
Title: Authorized Agent

PILGRIM PRIME RATE TRUST

By: Pilgrim Investments, Inc.,
as its Investment Manager,

by /s/ Jeffrey A. Bakalar

Name: Jeffrey A. Bakalar
Title: Vice President

PPM AMERICA, INC., as Attorney-in-Fact,
on behalf of JACKSON NATIONAL LIFE
INSURANCE COMPANY,

by /s/ Michael DiRe

Name: Michael DiRe
Title: Senior Managing
Director

OLYMPIC FUNDING TRUST, SERIES
1999-1,

by /s/ Kelly C. Walker

Name: Kelly C. Walker
Title: Authorized Agent

TYLER TRADING, INC.,

by /s/ Johnny E. Graves

Name: Johnny E. Graves
Title: President

FOOTHILL CAPITAL CORPORATION,

by /s/ Sean T. Dixon

Name: Sean T. Dixon
Title: Vice President

HELLER FINANCIAL, INC.,

by /s/ Sheila C. Weimer

Name: Sheila C. Weimer
Title: Vice President

OCTAGON LOAN TRUST

By: Octagon Credit Investors as
Manager,

by /s/ Michael B. Nechamkin

Name: Michael B. Nechamkin
Title: Portfolio Manager

STEIN ROE FLOATING RATE LIMITED
LIABILITY COMPANY,

by /s/ Brian W. Good

Name: Brian W. Good
Title: Vice President,

Stein Roe & Farnham Incorporated, as
Advisor to the Stein Roe Floating Rate
Limited Liability Company

BANK OF AMERICA, N.A.,

by /s/ Edward A. Hamilton

Name: Edward A. Hamilton
Title: Managing Director

GALAXY CLO 1999-1, LTD.

By: SAI Investment Adviser, Inc.
its Collateral Manager,

by /s/ Steve B. Staver

Name: Steve B. Staver
Title: Authorized Agent

BALANCED HIGH YIELD FUND I LTD.

By: BHF (USA) CAPITAL
CORPORATION
acting as Attorney-in-Fact,

by /s/ Anthony Heyman

Name: Anthony Heyman
Title: Assistant Vice
President

/s/ Ralph Della Rocca

Name: Ralph Della Rocca
Title: Assistant Vice
President

KZH CRESCENT-2 LLC,

by /s/ Peter Chin

Name: Peter Chin
Title: Authorized Agent

KZH CRESCENT LLC,

by /s/ Peter Chin

Name: Peter Chin
Title: Authorized Agent

UNITED OF OMAHA LIFE INSURANCE COMPANY

By: TCW Asset Management Company, its Investment Advisor,

by /s/ Mark L. Gold

Name: Mark L. Gold
Title: Managing Director

/s/ Justin L. Driscoll

Name: Justin L. Driscoll
Title: Senior Vice President

SEQUILS I, LTD.

By: TCW Advisors, Inc. as its Collateral
Manager,

by /s/ Mark L. Gold

Name: Mark L. Gold
Title: Managing Director

/s/ Justin L. Driscoll
Name: Justin L. Driscoll
Title: Senior Vice President

MORGAN STANLEY DEAN WITTER
PRIME INCOME TRUST,

by /s/ Peter Gewirtz
Name: Peter Gewirtz
Title: Authorized Signatory

CYPRESSTREE INVESTMENT
MANAGEMENT COMPANY, INC.

As: Attorney-in-Fact and on behalf of
FIRST ALLMERICA FINANCIAL LIFE
INSURANCE COMPANY as Portfolio Manager,

by /s/ Peter K. Merrill

Name: Peter K. Merrill
Title: Managing Director

CYPRESSTREE SENIOR FLOATING
RATE FUND

By: CypressTree Investment
Management Company, Inc. as Portfolio
Manager,

by /s/ Peter K. Merrill

Name: Peter K. Merrill
Title: Managing Director

KZH CYPRESSTREE-1 LLC,

by /s/ Peter Chin

Name: Peter Chin
Title: Authorized Agent

NORTH AMERICAN SENIOR
FLOATING RATE FUND

By: CypressTree Investment
Management Company, Inc. as Portfolio
Manager,

by /s/ Peter K. Merrill

Name: Peter K. Merrill
Title: Managing Director

TORONTO DOMINION (NEW YORK),
INC.,

by /s/ Jorge Garcia

       Name: Jorge Garcia
       Title: Vice President

SCHEDULE 1.01

MORTGAGED PROPERTY

Loan Party (Record Owner)	Property
Semiconductor Components Industries, LLC	52nd Street facility located at 5005 East McDowell Road, Phoenix, AZ, 85018

SCHEDULE 2.01

COMMITMENTS

[To come from CS&M]

SCHEDULE 3.05

REAL PROPERTY

A. Owned Real Property

ENTITY	PROPERTY
Semiconductor Components Industries, LLC	52nd Street facility located at 5005 East McDowell Road, Phoenix, AZ, 85018
SCG Industries Malaysia Sdn. Bhd.	Manufacturing facilities located at Lot 122 and Lot 55, Senawang Industrial Estate, 20050 Seremban, Nederi, Sembilan, Malaysia
Slovakia Electronics Industries, a.s.	Manufacturing facility located at Vrbovska cesta 2617/102, Piestany, Slovak Republic (Ownership certificate number 8226)
SCG (Japan) Ltd.	Manufacturing facility located at 1, Ooyaji, Kofune, shiokawa-machi, Yama-gun, Fukushima 969-3594, Japan
SCG Philippines, Inc.	Manufacturing facility at Governor's Drive, Carmona Cavite, Philippines
Terosil a.s.	Manufacturing facility located at 1 maje 1000, 75661 Roznovpod Radhostem, Czech Republic ICO 451 93 533
Tesla Sezam a.s.	Manufacturing facility located at 1 maje 1000, 75661 Roznovpod Radhostem, Czech Republic ICO 451 93 533

B. Leased Property

1) U.S. Office Sharing Agreement (includes China and Korea) dated July 31, 1999 between Motorola, Inc. and Semiconductor Components Industries, LLC regarding: (a) 101 Pacifica, Irvine, CA; (b) 330 Research Court, Norcross, GA; (c) 300 Unicorn Pk, Woburn, MA; (d) 1501 Woodfield, Shaumburg, Illinois; (e) 20405 State Highway, Houston, Texas; (f) 500 N. Central Expressway, Plano, Texas; (g) 10200 E. Girard Avenue, Denver, Colorado; (h) 41700 Six Mile road, Northville, MI; (i) 2717 South Albright, Kokomo, IN; (j) 700 Veterans Memorial, Hauppauge, NY; (k) 201 Electronics Blvd, Huntsville, AL; (l) 26635 W. Agoura Road, Calabasas, CA; (m) 12254 Hancock St., Carmel, IN: (n) 325 N. Corporate Drive, Brookfield, WI; (o) 5620 Smetana Drive, Minnetonka, MN; (p) 1155 Business Center Drive, Horsham, PA; (q) 4900 S.W. Griffith, Beaverton, OR; (r) 8601 Six Forks Road, Raleigh, NC; (s) 700 Crosskeys, Fairport, NY; (t) 100 Passaic Avenue, Fairfield, NJ; (u) 9665 Chesapeake Drive, San Diego, CA; (v)

1150 Kifer Road, Sunnyvale, CA; (w) 13575 58th Street, N., Clearwater, FL; (x) 8945 Guilford Road, Columbia, MD; (x) 41-2, Chungdam-dong, Kangnam-gu, Seoul 135-766, Korea; (y) No. 2, Dong-San Huan Nan Lu, Chao Yang District, Beijing 100022, People's Republic of China; (z) 5th Floor, Central Place, No. 16 Henan Road, Shanghai, 200002, People's Republic of China; and (aa) No. 271, Huang Pu Da Dao West Tian He District, Guangzhou 510620, People's Republic of China

2) U.S. Sublease of sublease dated July 31, 1999 between Motorola, Inc. and Semiconductor Components Industries, LLC regarding: Watkins Warehouse

3) U.S. Sublease dated July 31, 1999 between Motorola, Inc. and Semiconductor Components Industries, LLC regarding: Scrap Reclamation Site in Tempe

4) U.S. Lease dated July 31, 1999 between Motorola, Inc. and Semiconductor Components Industries, LLC regarding: U.S. Locations (Mesa, Chandler, 56th Street & Tempe)

5) U.S. Lease dated July 31, 1999 between Motorola, Inc. and Semiconductor Components Industries, LLC regarding: U.S. Locations (52nd Street, Phoenix, Arizona)

6) Brazil Office Sharing Agreement dated July 31, 1999 between Motorola do Brasil Ltda. and SCG do Brasil Ltda. regarding: Suites 51, 52, 53, 54, 55 & 56 and their respective parking spaces at the Edifice Passarelli located at Rua Paes Leme, 524-5 Andar, 05424-904, Sao Paulo, Brazil

7) Canada Sublease dated July 31, 1999 between Motorola Canada Limited and SCG Canada Limited regarding: 145,846 sq. ft. at 400 Matheson Blvd. West, Mississauga, Ontario, L5R3MI

8) Great Britain Underlease dated July 31, 1999 between Motorola Limited and Semiconductor Components Industries UK Limited regarding: Part of ground floor, Fairfax House, 69 Bucking St., Aylesbury, Buckinghamshire, England HP202NF

9) Sweden Office Sharing Agreement dated July 31, 1999 between Motorola AB and SCGS AB regarding: 4,851 sq. meters of office space and 182 sq. meters of storage in Dalvagen 2, Solna, Sweden (P.O. Box 516, SE16529 Stockholm, Sweden)

10) Sweden (Finland) Office Sharing Agreement dated July 31, 1999 between Motorola AB and SCGS AB regarding: 250 sq. meters of office space and 6 parking lots at Hopeatie 2, 00440 Helsinki, Finland

11) France Lease dated July 31, 1999 between Motorola Semiconducteurs SA and SCG France SAS regarding: 1,250 sq. meters on 3rd fl. at Avenue du General Eisenhower, ZI du Mirail, 31100 Toulouse

12) France Sublease dated July 31, 1999 between Motorola Semiconducteurs SA and SCG France SAS regarding: 354 sq. meters at 18 Rue Grange Dame Rose, 78140 Velizy, Villacoublay, France

13) France Lease dated July 31, 1999 between Motorola Semiconducteurs SA and SCG France SAS regarding: 510 sq. meters at Avenue du General Eisenhower, ZI du Mirail, 31100 Toulouse

14) France Lease dated July 31, 1999 between Motorola Semiconducteurs SA and SCG France SAS regarding: 880 sq. meters on 3rd fl. at Avenue du General Eisenhower, ZI du Mirail, 31100 Toulouse

15) Germany Office Sharing Agreement dated July 31, 1999 between Motorola GmbH and Semiconductors Components Industries Germany GmbH regarding: Husumer Street 251, D-24941 Flensburg

16) Hong Kong Lease dated July 31, 1999 between Motorola Semiconductors Hong Kong Limited and SCG Hong Kong SAR Limited regarding: Unit Nos. 2307, 2308, 2309, 2310, 2311 and 2312 on Level 23, Metroplaza Tower II, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong

17) India Office Sharing Agreement dated July 31, 1999 between Motorola India Limited and SCG Hong Kong SAR Limited regarding: 108, Gavipuram Guttahalli, Off Bull Temple Road, Bangalore, India

18) Ireland Office Sharing Agreement dated July 31, 1999 between Motorola Ireland Limited and SCG Holding (Netherlands) B.V., Ireland Branch regarding: Mahon Industrial Estate, Blackrock, Cork, Ireland

19) Isreal Office Sharing Agreement dated July 31, 1999 between Motorola Isreal Semiconductor Products (SPS) Ltd. and SCG Holding (Netherlands) B.V., Isreal Branch regarding: 1st Shenka, Herzelia

20) Italy Sublease Agreement dated July 31, 1999 between Motorola S.p.A. and SCG Italy S.r.l. regarding: Pal. C2, Centro Milanofiori, Assago, Milano regarding: 100 sq. meters of floor space on the 5th floor.

21) Japan Office Sharing Agreement dated July 31, 1999 between Motorola Japan Ltd. and SCG Japan Ltd. regarding: 20-1, 3 cho-me, Minami-Azabu, Minato-ku, Tokyo, Japan

22) Japan (Sendai) Lease dated July 31, 1999 between Motorola Japan Ltd. and SCG (Japan) Ltd. regarding: Motorola Sendai Design and Research & Development Center, Akedori 2-9-1, Izumiku, Sendai-shi, Miyagiken 981-3206, Japan

23) Malaysia Office Sharing Agreement dated July 31, 1999 between Motorola Malaysia Sdn. Bhd. and Motorola Semiconductor Sdn. Bhd. regarding: Sixth floor of Choo Plaza, Lot 6.02, 41 Lorong Abu Siti, 10400 Penang, Malaysia

24) Mexico Office Sharing Agreement dated July 31, 1999 between Motorola de Mexico, S.A. and SCG Mexico, S.A. de C.V. regarding: 252 sq. meters on 2nd fl. of building "Torre Provenza" located in Chimalhuacan No. 3569, Cuidad del Sol, Zapopan, Jalisco, Mexico

25) Netherlands Office Sharing Agreement dated July 31, 1999 between Motorola B.V. and SCG Holding (Netherlands) B.V. regarding: 470 sq. meters at De Waal 26, 5684 PH Best, The Netherlands

26) Puerto Rico Office Sharing Agreement dated July 31, 1999 between Motorola de Puerto Rico, Inc. and Semiconductor Components Industries Puerto Rico, Inc. regarding: 12,928 sq. ft. at El Mundo Building No. 2, 383 Chardon Street, Hato Rey, Puerto Rico 00917

27) Singapore Sublease dated July 31, 1999 between Motorola Electronics Pte. Ltd. and Semiconductor Components Industries Singapore Pte. Ltd. regarding: #01-06, 132, Tanjong Rhu Road, Pebble Bay, Singapore

28) Singapore Office Sharing Agreement dated July 31, 1999 between Motorola Electronics Pte. Ltd. and Semiconductor Components Industries Singapore, Pte. Ltd. regarding: 10,9444 sq. ft. at 12 Ang Mo Kio Street 64, Mic Level 5, Singapore

29) Spain Office Sharing Agreement dated July 31, 1999 between Motorola Espana S.A. and SCG Holding (Netherlands) B.V. Spain Branch regarding: Offices labeled "B" and "A" on the 9th floor in the Alberto Alcocer 46 Building

30) Switzerland Sublease dated July 31, 1999 between Motorola, Inc., Geneva Branch and SCG Holding (Netherlands) B.V., Geneva Branch regarding: 207, Route de Ferney, 1218 Le Grand Saconnex, Switzerland

31) Taiwan Office Sharing Agreement dated July 31, 1999 between Motorola Electronics Taiwan, Limited and SCG Hong Kong SAR Limited, Taiwan Branch regarding: #296 Jen-ai Road, Section 4, Taipei, Taiwan

32) Thailand Office Sharing Agreement dated July 31, 1999 between Motorola (Thailand) Limited and Semiconductor Components Industries (Thailand) Limited regarding: 916 sq. meters on 22nd fl. of the Two Pacific Place Building, 142 Sukhumvit Road, Klongtoey, Bangkok 10110

33) Czechoslovakia Sublease Agreement dated July 30, 1999 between SCG Czech Design Center, s.r.o. (formerly Rydan, s.r.o.) and Motorola, spol. s.r.o. regarding: B. Nemcove Street, 75661 Roznov pod Radhostim, land registry No. 1720

SCHEDULE 3.06

DISCLOSED MATTERS

LITIGATION

None

ENVIRONMENTAL

None

SCHEDULE 3.12

SUBSIDIARIES

Subsidiary	Equity Interest	Status
Subsidiaries of SCG Holding Corporation		
- - Semiconductor Components Industries, LLC	100%	Loan Party
- - SCG (China) Holding Corporation	100%	Loan Party
- - SCG (Czech) Holding Corporation	100%	Loan Party
- - SCG (Malaysia SMP) Holding Corporation	100%	Loan Party
Subsidiaries of Semiconductor Components Industries, LLC		
- - SCG Canada Limited	100%	
- - SCG Mexico, S.A. de C.V.	100%	
- - SCG (Japan) Ltd.	100%	
- - SCG Philippines Inc.	100%(1)	
- - SCG Korea Limited	100%(2)	
- - SCG Semiconductor Components Industries Singapore Pte Ltd	100%	
- - SCG Hong Kong SAR Limited	100%	
- - SCG (Thailand) Limited	100%(3)	
- - SCG Malaysia Holdings Snd. Bhd.	100%	
- - SCG Holding (Netherlands) B.V.	100%	
- - Slovakia Electronics Industries, a.s.	100%	
- - SCG Czech Design Center s.r.o.	100%	
- - SCG do Brasil Ltda	100%	
- - SCG Semiconductor Components Industries Puerto Rico, Inc.	100%	Loan Party
- - SCG International Development LLC	100%	Loan Party
Subsidiary of SCG (China) Holding Corporation		
- - Leshan Phoenix Semiconductor Company Ltd.	51%	
Subsidiary of SCG (Malaysia SMP) Holding Corporation		
- - Semiconductor Miniature Products (M) Sdn. Bhd.	50%	
Subsidiary of SCG Malaysia Holdings Snd. Bhd.		
- - SGC Industries Malaysia Sdn. Bhd.	100%	
Subsidiaries of SCG (Czech) Holding Corporation		

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(1) Five shares are issued to directors as director's qualifying shares. 2,250,000 shares are issued and outstanding.
(2) Two shares are to be issued to directors as director's qualifying shares. 5,000 shares are issued and outstanding.
(3) Seven shares are issued to directors as director's qualifying shares. 1,000 shares are issued and outstanding.

Subsidiary	Equity Interest	Status
- - Terosil a.s.	49.9%	
- - Tesla Sezam a.s.	49.9%	
Subsidiaries of SCG Holding (Netherlands) B.V.		
- - Semiconductor Components Industries Germany GmbH	100%	
- - SCG Investments EURL	100%	
- - SCG France SAS	100%	
- - SCG Italy S.r.l.	99%(4)	
- - Semiconductor Components Industries UK Limited	100%	

- ------------------
(4) SCG International Development LLC owns the remaining 1% interest.

SCHEDULE 3.13

INSURANCE

SCHEDULE 6.01

EXISTING INDEBTEDNESS

1) SCG INDUSTRIES MALAYSIA SDN. BHD.

a) Letter of Credit in favor of Tenaga Nasional Berhad for electricity service in the amount of RM2,226,000 (approximately $585,800) under the RM8,000,000 Letter of Credit facility, dated September 16, 1998, between Hongkong Bank Malaysia Bhd. and Motorola Semiconductor Sdn. Bhd. (presently, SCG Industries Malaysia Sdn. Bhd.), as renewed on July 5, 1999

b) (i) Letter of Credit in favor of Tenaga Nasional Berhad for electricity service in the amount of RM1,035,000 (approximately $272,400) and (ii) Letter of Credit in favor of Custom Department to guarantee custom duties in the amount of RM150,000 (approximately $39,500) under the RM12,000,000 Letter of Credit facility, dated September 16, 1998, between Hongkong Bank Malaysia Bhd. and Motorola Electronics Sdn. Bhd., as renewed on July 5, 1999 with a reduction in facility limit to RM1,200,000

c) Letter of Credit in favor of Custom Department to guarantee custom duties in the amount of RM2,500,000 (approximately $657,900) under the RM10,000,000 Letter of Credit facility, dated October 6, 1998, between Citibank Bhd. and Motorola Semiconductor Sdn. Bhd. (presently, SCG Industries Malaysia Sdn. Bhd.)

SCHEDULE 6.02

EXISTING LIENS

1) (A) Joint Venture Agreement dated July 27, 1992, between Motorola, Inc. Semiconductor Products Sector and Philips Semiconductors International B.V. and (B) Technology Cooperation Agreement between Motorola, Inc. and Phillips Semiconductors International B.V. dated July 9, 1992, in each case as amended from time to time, and as amended further by the Assignment and Amendment Agreement by and among Motorola, Inc., Philips Semiconductors International B.V., SCG Holding Corporation and Semiconductor Miniature Products (Malaysia) Sdn. Bhd. Dated August 4, 1999.

2) Joint Venture Contract, dated March 1, 1995, between Leshan Radio Company, Ltd. and Motorola International Development Corp. ("MIDC");

   a) Amendment No. 1 to Joint Venture Contract, dated March 1, 1995, between Leshan Radio Company, Ltd. and MIDC;

   b) Amendment No. 2 to Joint Venture Contract, dated December 11, 1995, between Leshan Radio Company, Ltd. and MIDC;

   c) Amendment No. 3 to Joint Venture Contract, dated April 12, 1996, between Leshan Radio Company, Ltd. and Motorola (China) Investment Limited;

   d) Amendment No. 4 to Joint Venture Contract, dated January 6, 1998, between Leshan Radio Company, Ltd. and Motorola (China) Investment Limited;

   e) Amendment No. 5 to Joint Venture Contract, dated June 29, 1998, between Leshan Radio Company, Ltd. and Motorola (China) Investment Limited; and

   f) Memorandum of Understanding, dated July 28, 1999, between Leshan Radio Company, Ltd., SCG Holding Corporation and Motorola (China) Investment Limited.

3) The By-laws of Amicus Realty Corporation provide that a stockholder wishing to sell all or a part of his/its shares of common stock must give a right of first refusal to the non-selling stockholders for a period of thirty (30) days before he/it can sell any of such shares.

4) The manufacturing facility owned by SCG Industries Malaysia Sdn. Bhd. is located on Lots 122 and 123 in Seremban. These lots are separate legal parcels that are physically continuous. On June 18, 1998, the Seremban Land Office approved a request by Motorola Semiconductor Sdn. Bhd. (a predecessor to SCG Industries Malaysia Sdn. Bhd.) to combine the two parcels of land into a single lot. The land title provides that any future transfer of the land by SCG Industries Malaysia Sdn. Bhd. must be approved first by the State Authority, and the land may only be used for the manufacture of electronic components.

5) Property No. 26574 owned by SCG Industries Malaysia Sdn. Bhd. may only be used in the electronic products industry.

6) Lot No. P.T. 12463 owned by SCG Industries Malaysia Sdn. Bhd. may not be transferred, leased or changed without the approval of the State Authority, and may only be used for an electrical substation.

SCHEDULE 6.04

EXISTING INVESTMENTS

Entity	Ownership Interest
Semiconductor Components Industries, LLC	- 1 share in SCG Canada Limited - 49,999 shares in SCG Mexico, S.A. de C.V. - 999 shares in SCG do Brasil Ltda. - 200 shares in SCG (Japan) Ltd. - 2,249,995 shares in SCG Philippines Inc. - 5,000 shares in SCG Korea Limited(5) - 999 shares in Semiconductor Components Industries Singapore Pte Ltd - 999 shares in SCG Hong Kong SAR Limited - 19,993 shares in SCG (Thailand) Limited - 999 shares in SCG Malaysia Holdings Sdn. Bhd. - 2,000 shares in SCG Holding (Netherlands) B.V. - 1,700 shares in Slovakia Electronics Industries, a.s. - 2 shares in SCG Czech Design Center S.T.O.
SCG International Development LLC	- 1 share in SCG do Brasil Ltda. - 1 share in SCG Mexico, S.A. de C.V. - 1 share in SCG Hong Kong SAR Limited - 1 share in Semiconductor Components Industries Singapore Pte Ltd - 1 share in SCG Malaysia Holdings Sdn. Bhd. - 1 quota with value of 100 Euros in SCG Italy S.r.l.
SGC (China) Holding Corporation	- 51% interest in Leshan Phoenix Semiconductor Company, Ltd.
SCG (Malaysia SMP) Holding Corporation	- 30,064,354 shares in Semiconductor Miniature Products (M) Sdn. Bhd.
SCG (Czech) Holding Corporation	- 54,627 shares in Terosil a.s. - 298,382 shares in Tesla Sezam a.s.

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(5) Two shares are to be issued to directors as director's qualifying shares.

SCG Philippines Inc.	- 400,000 shares in Amicus Realty Corporation - 4,900 shares in the Philippine Long Distance Telephone Company - 1 share in Alabang Country Club Valley Vista Sports Club, Inc. - 31,692 shares Manila Electric Company
SCG Mexico, S.A. de C.V.	- 1 share in the Santa Anita Golf Club

SCHEDULE 6.10

EXISTING RESTRICTIONS

1) (A) Joint Venture Agreement dated July 27, 1992, between Motorola, Inc. Semiconductor Products Sector and Philips Semiconductors International B.V. and (B) Technology Cooperation Agreement between Motorola, Inc. and Phillips Semiconductors International B.V. dated July 9, 1992, in each case as amended from time to time, and as amended further by the Assignment and Amendment Agreement by and among Motorola, Inc., Philips Semiconductors International B.V., SCG Holding Corporation and Semiconductor Miniature Products (Malaysia) Sdn. Bhd. Dated August 4, 1999.

2) Joint Venture Contract, dated March 1, 1995, between Leshan Radio Company, Ltd. and Motorola International Development Corp. ("MIDC");

   a) Amendment No. 1 to Joint Venture Contract, dated March 1, 1995, between Leshan Radio Company, Ltd. and MIDC;

   b) Amendment No. 2 to Joint Venture Contract, dated December 11, 1995, between Leshan Radio Company, Ltd. and MIDC;

   c) Amendment No. 3 to Joint Venture Contract, dated April 12, 1996, between Leshan Radio Company, Ltd. and Motorola (China) Investment Limited;

   d) Amendment No. 4 to Joint Venture Contract, dated January 6, 1998, between Leshan Radio Company, Ltd. and Motorola (China) Investment Limited; and

   e) Amendment No. 5 to Joint Venture Contract, dated June 29, 1998, between Leshan Radio Company, Ltd. and Motorola (China) Investment Limited; and

   f) Memorandum of Understanding, dated July 28, 1999, between Leshan Radio Company, Ltd., SCG Holding Corporation and Motorola (China) Investment Limited.

3) The By-laws of Amicus Realty Corporation provide that a stockholder wishing to sell all or a part of his/its shares of common stock must give a right of first refusal to the non-selling stockholders for a period of thirty (30) days before he/it can sell any of such shares.

4) The manufacturing facility owned by SCG Industries Malaysia Sdn. Bhd. is located on Lots 122 and 123 in Seremban. These lots are separate legal parcels that are physically continuous. On June 18, 1998, the Seremban Land Office approved a request by Motorola Semiconductor Sdn. Bhd. (a predecessor to SCG Industries Malaysia Sdn. Bhd.) to combine the two parcels of land into a single lot. The land title provides that any future transfer of the land by SCG Industries Malaysia Sdn. Bhd. must be approved first by the State Authority, and the land may only be used for the manufacture of electronic components.

5) Property No. 26574 owned by SCG Industries Malaysia Sdn. Bhd. may only be used in the electronic products industry.

6) Lot No. P.T. 12463 owned by SCG Industries Malaysia Sdn. Bhd. may not be transferred, leased or changed without the approval of the State Authority, and may only be used for an electrical substation.

EXECUTION COPY

EXHIBIT 10.3

GUARANTEE AGREEMENT dated as of August 4, 1999, among SCG HOLDING CORPORATION, a Delaware corporation ("Holdings"), each of the subsidiaries listed on Schedule I hereto (each such subsidiary individually, a "Subsidiary" and, collectively, the "Subsidiaries"; and each such Subsidiary and Holdings, individually, a "Guarantor" and, collectively, the "Guarantors") and THE CHASE MANHATTAN BANK, a New York banking corporation ("Chase"), as collateral agent (the "Collateral Agent") for the Secured Parties (as defined in the Security Agreement).

Reference is made to the Credit Agreement dated as of August 4, 1999 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Semiconductor Components Industries, LLC, a Delaware limited liability company (the "Borrower"), Holdings, the lenders from time to time party thereto (the "Lenders"), Chase, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), and Credit Lyonnais New York Branch, DLJ Capital Funding, Inc. and Lehman Commercial Paper Inc., as co-documentation agents. Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Lenders have agreed to make Loans to the Borrower, and the Issuing Bank has agreed to issue Letters of Credit for the account of the Borrower, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each of the Subsidiaries is a direct or indirect subsidiary of Holdings and acknowledges that it will derive substantial benefit from the making of the Loans by the Lenders and the issuance of Letters of Credit by the Issuing Bank. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit are conditioned on, among other things, the execution and delivery by the Guarantors of a Guarantee Agreement in the form hereof. As consideration therefor and in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit, the Guarantors are willing to execute this Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1. Guarantee. Each Guarantor unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, (a) the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrower under the Credit Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements made by the Issuing Bank with respect thereto, interest thereon and obligations to provide, under certain circumstances, cash collateral in connection therewith and (iii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Loan Parties to the Secured Parties under the Credit Agreement and the other Loan Documents, (b) the due

Parties under or pursuant to the Credit Agreement and the other Loan Documents, (c) unless otherwise agreed to in writing by the applicable Lender party thereto, the due and punctual payment and performance of all obligations of the Borrower or any other Loan Party, monetary or otherwise, under each Hedging Agreement entered into with a counterparty that was a Lender (or an Affiliate of a Lender) at the time such Hedging Agreement was entered into and (d) the due and punctual payment and performance of all obligations in respect of overdrafts and related liabilities owed to the Administrative Agent or any of its Affiliates and arising from treasury, depositary and cash management services in connection with any automated clearing house transfers of funds (all the monetary and other obligations referred to in the preceding clauses (a) through (d) being collectively called the "Obligations"). Each Guarantor further agrees that the 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 notwithstanding any extension or renewal of any Obligation.

SECTION 2. Obligations Not Waived. To the fullest extent permitted by applicable law, each Guarantor waives presentment to, demand of payment from and protest to the Borrower of any of the Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment. To the fullest extent permitted by applicable law, the obligations of each Guarantor hereunder shall not be affected by (a) the failure of the Collateral Agent or any other Secured Party to assert any claim or demand or to enforce or exercise any right or remedy against the Borrower or any Guarantor under the provisions of the Credit Agreement, any other Loan Document or otherwise; (b) any recision, waiver (except the effect of any waiver obtained pursuant to Section 12(b)), amendment or modification of, or any release from any terms or provisions of any other Loan Document, any other Guarantee or any other agreement, including with respect to any other Guarantor under this Agreement, or (c) the failure to perfect any security interest in, or release of, any of the security held by or on behalf of the Collateral Agent or any other Secured Party.

SECTION 3. Security. Each of the Guarantors authorizes the Collateral Agent and each of the other Secured Parties to (a) take and hold security for the payment of this Guarantee and the Obligations and exchange, enforce, waive and release any such security, (b) apply such security and direct the order or manner of sale thereof as they in their sole discretion may determine and (c) release or substitute any one or more endorsees, other Guarantors or other obligors.

SECTION 4. Guarantee of Payment. Each Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Collateral Agent or any other Secured Party to any of the security held for payment of the Obligations or to any balance of any deposit account or credit on the books of the Collateral Agent or any other Secured Party in favor of the Borrower or any other Person.

SECTION 5. No Discharge or Diminishment of Guarantee. The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Obligations), including any claim of waiver, release, surrender, alteration or compromise of any of the Obligations, and

shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Collateral Agent or any other Secured Party to assert any claim or demand or to enforce any remedy under the Credit Agreement, any other Loan Document or any other agreement, by any waiver or modification of any provision of any thereof, by any default, failure or delay, wilful or otherwise, in the performance of the Obligations, or the failure to perfect any security interest in, or the release of, any of the security held by or on behalf of the Collateral Agent or any other Secured Party, or by any other act or omission that may or might in any manner or to any extent vary the risk of any Guarantor or that would otherwise operate as a discharge of each Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all the Obligations).

SECTION 6. Defenses of Borrower Waived. To the fullest extent permitted by applicable law, each of the Guarantors waives any defense based on or arising out of any defense of the Borrower or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower, other than the final and indefeasible payment in full in cash of the Obligations. The Collateral Agent and the other Secured Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with the Borrower or any other guarantor or exercise any other right or remedy available to them against the Borrower or any other guarantor, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Obligations have been fully, finally and indefeasibly paid in cash. Pursuant to applicable law, each of the Guarantors waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Borrower or any other Guarantor or guarantor, as the case may be, or any security.

SECTION 7. Agreement to Pay; Subordination. In furtherance of the foregoing and not in limitation of any other right that the Collateral Agent or any other Secured Party has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower or any other Loan 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 Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Collateral Agent or such other Secured Party as designated thereby in cash the amount of such unpaid Obligations. Upon payment by any Guarantor of any sums to the Collateral Agent or any Secured Party as provided above, all rights of such Guarantor against the Borrower arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations. If any amount shall erroneously be paid to any Guarantor on account of such subrogation, contribution, reimbursement, indemnity or similar right, such amount shall be held in trust for the benefit of the Secured Parties and shall forthwith be paid to the Collateral Agent to be

credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

SECTION 8. Information. Each of the Guarantors assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that none of the Collateral Agent or the other Secured Parties will have any duty to advise any of the Guarantors of information known to it or any of them regarding such circumstances or risks.

SECTION 9. Representations and Warranties. Each of the Guarantors represents and warrants as to itself that all representations and warranties relating to it contained in the Credit Agreement are true and correct in all material respects.

SECTION 10. Termination. The Guarantees made hereunder (a) shall terminate when all the Obligations have been indefeasibly paid in full and the Lenders have no further commitment to lend under the Credit Agreement, the LC Exposure has been reduced to zero and the Issuing Bank has no further obligation to issue Letters of Credit under the Credit Agreement and (b) 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 is rescinded or must otherwise be restored by any Secured Party or any Guarantor upon the bankruptcy or reorganization of the Borrower, any Guarantor or otherwise.

SECTION 11. Binding Effect; Several Agreement; Assignments. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Guarantors that are contained in this Agreement shall bind and inure to the benefit of each party hereto and their respective successors and assigns. This Agreement shall become effective as to any Guarantor when a counterpart hereof executed on behalf of such Guarantor shall have been delivered to the Collateral Agent, and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Guarantor and the Collateral Agent and their respective successors and assigns, and shall inure to the benefit of such Guarantor, the Collateral Agent and the other Secured Parties, and their respective successors and assigns, except that no Guarantor shall have the right to assign its rights or obligations hereunder or any interest herein (and any such attempted assignment shall be void). In the event that a Guarantor ceases to be a Subsidiary pursuant to a transaction permitted under the Loan Documents, such Guarantor shall be released from its obligations under this Agreement without further action. This Agreement shall be construed as a separate agreement with respect to each Guarantor and may be amended, modified, supplemented, waived or released with respect to any Guarantor without the approval of any other Guarantor and without affecting the obligations of any other Guarantor hereunder.

SECTION 12. Waivers; Amendment. (a) No failure or delay of the Collateral Agent in exercising any power or right 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 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 Collateral Agent hereunder and of the other Secured Parties 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 any Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Guarantors with respect to which such waiver, amendment or modification relates and the Collateral Agent, subject to any consent required in accordance with Section 9.02 of the Credit Agreement.

SECTION 13. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 14. Notices. All communications and notices hereunder shall be in writing and given as provided in Section 9.01 of the Credit Agreement. All communications and notices hereunder to each Guarantor shall be given to it at its address or telecopy number set forth in Schedule I, with a copy to the Borrower.

SECTION 15. Survival of Agreement; Severability. (a) All covenants, agreements, representations and warranties made by the Guarantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Collateral Agent and the other Secured Parties and shall survive the making by the Lenders of the Loans and the issuance of the Letters of Credit by the Issuing Bank regardless of any investigation made by the Secured Parties or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any other fee or amount payable under this Agreement or any other Loan Document is outstanding and unpaid and as long as the Commitments have not been terminated or the LC Exposure does not equal zero.

(b) In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 16. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 11. Delivery of an executed

signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 17. Rules of Interpretation. The rules of interpretation specified in Section 1.03 of the Credit Agreement shall be applicable to this Agreement.

SECTION 18. Jurisdiction; Consent to Service of Process. (a) Each Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, 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 shall affect any right that the Collateral Agent or any other Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against any Guarantor or its properties in the courts of any jurisdiction.

(b) Each Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that 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 the other Loan Documents in any New York State or Federal court. 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.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 14. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 19. 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 RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS. 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 AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 19.

SECTION 20. Additional Guarantors. Pursuant to Section 5.12 of the Credit Agreement, each Subsidiary Loan Party that was not in existence or not a Subsidiary Loan Party on the date of the Credit Agreement is required to enter into this Agreement as a Guarantor upon becoming a Subsidiary Loan Party. Upon execution and delivery after the date hereof by the Collateral Agent and such a Subsidiary of an instrument in the form of Annex 1, such Subsidiary shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor herein. The execution and delivery of any instrument adding an additional Guarantor as a party to this Agreement shall not require the consent of any other Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Agreement.

SECTION 21. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Secured Party 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) at any time held and other Indebtedness at any time owing by such Secured Party to or for the credit or the account of any Guarantor against any or all the obligations of such Guarantor then existing under this Agreement and the other Loan Documents held by such Secured Party, irrespective of whether or not such Secured Party shall have made any demand under this Agreement or any other Loan Document. The rights of each Secured Party under this Section 21 are in addition to other rights and remedies (including any other rights of setoff) which such Secured Party may have.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

SCG HOLDING CORPORATION,

By /s/ Jean-Jacques Morin

Name: Jean-Jacques Morin
Title: Vice President

EACH OF THE SUBSIDIARIES LISTED ON SCHEDULE I HERETO,

By /s/ Jean-Jacques Morin

Name: Jean-Jacques Morin
Title: Vice President

THE CHASE MANHATTAN BANK, as Collateral Agent,

By /s/ Marian N. Schulman

Name: Marian N. Schulman
Title: Vice President

Schedule I to the
Guarantee Agreement

GUARANTORS

Guarantors	Address
SCG Holding Corporation	5005 East McDowell Road Phoenix, AZ 85018
SCG International Development LLC	5005 East McDowell Road Phoenix, AZ 85018
SCG (Malaysia SMP) Holding Corporation	5005 East McDowell Road Phoenix, AZ 85018
SCG (Czech) Holding Corporation	5005 East McDowell Road Phoenix, AZ 85018
SCG (China) Holding Corporation	5005 East McDowell Road Phoenix, AZ 85018
Semiconductor Components Industries Puerto Rico, Inc.	5005 East McDowell Road Phoenix, AZ 85018

Annex 1 to the
Guarantee Agreement

SUPPLEMENT NO. [ ] dated as of [ ], to the Guarantee Agreement dated as of August 4, 1999, among SCG HOLDING CORPORATION, a Delaware corporation ("Holdings"), each of the subsidiaries listed on Schedule I thereto (each such subsidiary individually, a "Subsidiary" and, collectively, the "Subsidiaries"; and each such Subsidiary and Holdings, individually, a "Guarantor" and, collectively, the "Guarantors"), and THE CHASE MANHATTAN BANK, a New York banking corporation, as collateral agent (the "Collateral Agent") for the Secured Parties (as defined in the Security Agreement).

A. Reference is made to the Credit Agreement dated as of August 4, 1999 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Semiconductor Components Industries, LLC, a Delaware limited liability company (the "Borrower"), Holdings, the lenders from time to time party thereto (the "Lenders"), The Chase Manhattan Bank, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), and Credit Lyonnais New York Branch, DLJ Capital Funding, Inc. and Lehman Commercial Paper Inc., as co-documentation agents.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Guarantee Agreement and the Credit Agreement.

C. The Guarantors have entered into the Guarantee Agreement in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit. Pursuant to Section 5.12 of the Credit Agreement, each Subsidiary Loan Party that was not in existence or not a Subsidiary Loan Party on the date of the Credit Agreement is required to enter into the Guarantee Agreement as a Guarantor upon becoming a Subsidiary Loan Party. Section 20 of the Guarantee Agreement provides that additional Subsidiaries may become Guarantors under the Guarantee Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "New Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Guarantee Agreement in order to induce the Lenders to make additional Loans and the Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Guarantor agree as follows:

SECTION 1. In accordance with Section 20 of the Guarantee Agreement, the New Guarantor by its signature below becomes a Guarantor under the Guarantee Agreement with the same force and effect as if originally named therein as a Guarantor and the New Guarantor hereby (a) agrees to all the terms and provisions of the Guarantee Agreement applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct on and as of the date hereof except to the extent a representation and warranty expressly relates solely to a specific date in which case

such representation and warranty shall be true and correct on such date. Each reference to a "Guarantor" in the Guarantee Agreement shall be deemed to include the New Guarantor. The Guarantee Agreement is hereby incorporated herein by reference.

SECTION 2. The New Guarantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Guarantor and the Collateral Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Guarantee Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Guarantee Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision hereof in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 14 of the Guarantee Agreement. All communications and notices hereunder to the New Guarantor shall be given to it at the address set forth under its signature below, with a copy to the Borrower.

SECTION 8. The New Guarantor agrees to reimburse the Collateral Agent for its out-of-pocket expenses in connection with this Supplement, including the reasonable fees, disbursements and other charges of counsel for the Collateral Agent.

IN WITNESS WHEREOF, the New Guarantor and the Collateral Agent have duly executed this Supplement to the Guarantee Agreement as of the day and year first above written.

[NAME OF NEW GUARANTOR],

By

Name:
Title:
Address:

THE CHASE MANHATTAN BANK, as
Collateral Agent,

By

Name:
Title:

EXHIBIT 10.4*

EXECUTION COPY

SECURITY AGREEMENT dated as of August 4, 1999, among SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC, a Delaware limited liability company (the "Borrower"), SCG HOLDING CORPORATION, a Delaware corporation ("Holdings"), each subsidiary of Holdings listed on Schedule I hereto (each such subsidiary individually a "Subsidiary" or a "Guarantor" and, collectively, the "Subsidiaries" or, with Holdings, the "Guarantors"; the Guarantors and the Borrower are referred to collectively herein as the "Grantors") and THE CHASE MANHATTAN BANK, a New York banking corporation ("Chase"), as collateral agent (in such capacity, the "Collateral Agent") for the Secured Parties (as defined herein).

Reference is made to (a) the Credit Agreement dated as of August 4, 1999 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, Holdings, the lenders from time to time party thereto (the "Lenders"), Chase, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), and Credit Lyonnais New York Branch, DLJ Capital Funding, Inc. and Lehman Commercial Paper Inc., as co-documentation agents and (b) the Guarantee Agreement dated as of August 4, 1999 (as amended, supplemented or otherwise modified from time to time, the "Guarantee Agreement"), among the Guarantors and the Collateral Agent.

The Lenders have agreed to make Loans to the Borrower, and the Issuing Bank has agreed to issue Letters of Credit for the account of the Borrower, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each of the Guarantors has agreed to guarantee, among other things, all the obligations of the Borrower under the Credit Agreement. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit are conditioned upon, among other things, the execution and delivery by the Grantors of an agreement in the form hereof to secure (a) the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrower under the Credit Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements made by the Issuing Bank with respect thereto, interest thereon and obligations to provide, under certain circumstances, cash collateral in connection therewith and (iii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Loan Parties to the Secured Parties under the Credit Agreement and the other Loan Documents, (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Loan Parties under or pursuant to the Credit Agreement and the other Loan Documents, (c) unless otherwise agreed to in writing by the applicable Lender party thereto, the due and punctual payment and performance of all obligations of the Borrower or any other Loan Party, monetary or otherwise, under each Hedging Agreement entered into with a counterparty that was a Lender (or an Affiliate of a Lender) at the time such Hedging Agreement was entered into and (d) the due and punctual payment and performance of all obligations in respect of overdrafts and related liabilities owed to the Administrative Agent or any of its Affiliates and arising from

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* Confidential Information in this Exhibit 10.4 has been omitted and filed separately with the Securities and Exchange Commission.

treasury, depositary and cash management services in connection with any automated clearing house transfers of funds (all the monetary and other obligations described in the preceding clauses (a) through (d) being collectively called the "Obligations").

Accordingly, the Grantors and the Collateral Agent, on behalf of itself and each Secured Party (and each of their respective successors or assigns), hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Definition of Terms Used Herein. Unless the context otherwise requires, all capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement.

SECTION 1.02. Definition of Certain Terms Used Herein. As used herein, the following terms shall have the following meanings:

"Account Debtor" shall mean any Person who is or who may become obligated to any Grantor under, with respect to or on account of an Account.

"Accounts" shall mean all "accounts" (as defined in the Uniform Commercial Code as in effect in the State of New York ("UCC")) of any Grantor and shall include any and all right, title and interest of any Grantor to payment for goods and services sold or leased, including any such right evidenced by chattel paper, whether due or to become due, whether or not it has been earned by performance, and whether now or hereafter acquired or arising in the future, including accounts receivable from Affiliates of the Grantors.

"Accounts Receivable" shall mean all Accounts and all right, title and interest in any returned goods, together with all rights, titles, securities and guarantees with respect thereto, including any rights to stoppage in transit, replevin, reclamation and resales, and all related security interests, liens and pledges, whether voluntary or involuntary, in each case whether now existing or owned or hereafter arising or acquired.

"Collateral" shall mean all (a) Accounts Receivable, (b) Documents, (c) Equipment, (d) General Intangibles, (e) Inventory, (f) cash and cash accounts, (g) Investment Property and (h) Proceeds.

"Commodity Account" shall mean an account maintained by a Commodity Intermediary in which a Commodity Contract is carried out for a Commodity Customer.

"Commodity Contract" shall mean a commodity futures contract, an option on a commodity futures contract, a commodity option or any other contract that, in each case, is (a) traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to the federal commodities laws or (b) traded on a foreign commodity board of trade, exchange or market, and is carried on the books of a Commodity Intermediary for a Commodity Customer.

"Commodity Customer" shall mean a Person for whom a Commodity Intermediary carries a Commodity Contract on its books.

"Commodity Intermediary" shall mean (a) a Person who is registered as a futures commission merchant under the federal commodities laws or (b) a Person who in the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities laws.

"Copyright License" shall mean any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright now or hereafter owned by any Grantor or which such Grantor otherwise has the right to license, or granting any right to such Grantor under any Copyright now or hereafter owned by any third party, and all rights of such Grantor under any such agreement.

"Copyrights" shall mean all of the following: (a) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, and (b) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office, including those listed on Schedule II.

"Credit Agreement" shall have the meaning assigned to such term in the preliminary statement of this Agreement.

"Documents" shall mean all instruments, files, records, ledger sheets and documents covering or relating to any of the Collateral.

"Entitlement Holder" shall mean a Person identified in the records of a Securities Intermediary as the Person having a Security Entitlement against the Securities Intermediary. If a Person acquires a Security Entitlement by virtue of Section 8-501(b)(2) or (3) of the Uniform Commercial Code, such Person is the Entitlement Holder.

"Equipment" shall mean "equipment" (as defined in the UCC) of any Grantor and shall include all equipment, furniture and furnishings, and all tangible personal property similar to any of the foregoing, including tools, parts and supplies of every kind and description, and all improvements, accessions or appurtenances thereto, that are now or hereafter owned by any Grantor. The term Equipment shall include Fixtures.

"Financial Asset" shall mean (a) a Security, (b) an obligation of a Person or a share, participation or other interest in a Person or in property or an enterprise of a Person, which is, or is of a type, dealt with in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment or (c) any property that is held by a Securities Intermediary for another Person in a Securities Account if the Securities Intermediary has expressly agreed with the other Person that the property is to be treated as a Financial Asset under Article 8 of the Uniform Commercial Code. As the context requires, the term Financial Asset shall mean either the interest itself or the means by which a Person's claim to it is evidenced, including a certificated or uncertificated Security, a certificate representing a Security or a Security Entitlement.

"Fixtures" shall mean all items of Equipment, whether now owned or hereafter acquired, of any Grantor that become so related to particular real estate that an interest in them arises under any real estate law applicable thereto.

"General Intangibles" shall mean all "general intangibles" (as defined in the UCC) of any Grantor and shall include choses in action and causes of action and all other assignable intangible personal property of any Grantor of every kind and nature (other than Accounts Receivable) now owned

or hereafter acquired by any Grantor, including corporate or other business records, indemnification claims, contract rights (including rights under leases, whether entered into as lessor or lessee, Hedging Agreements and other agreements), Intellectual Property, goodwill, registrations, franchises, tax refund claims and any letter of credit, guarantee, claim, security interest or other security held by or granted to any Grantor to secure payment by an Account Debtor of any of the Accounts Receivable.

"Intellectual Property" shall mean all intellectual and similar property of any Grantor of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"Inventory" shall mean "inventory" (as defined in the UCC) of any Grantor and shall include all goods of any Grantor, whether now owned or hereafter acquired, held for sale or lease, or furnished or to be furnished by any Grantor under contracts of service, or consumed in any Grantor's business, including raw materials, intermediates, work in process, packaging materials, finished goods, semi-finished inventory, scrap inventory, manufacturing supplies and spare parts, and all such goods that have been returned to or repossessed by or on behalf of any Grantor.

"Investment Property" shall mean all Securities (whether certificated or uncertificated), Security Entitlements, Securities Accounts, Commodity Contracts and Commodity Accounts of any Grantor, whether now owned or hereafter acquired by any Grantor.

"License" shall mean any Patent License, Trademark License, Copyright License or other license or sublicense to which any Grantor is a party, including those listed on Schedule III (other than those license agreements in existence on the date hereof and listed on Schedule III and those license agreements entered into after the date hereof, which by their terms prohibit assignment or a grant of a security interest by such Grantor as licensee thereunder).

"Obligations" shall have the meaning assigned to such term in the preliminary statement of this Agreement.

"Patent License" shall mean any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent, now or hereafter owned by any Grantor or which any Grantor otherwise has the right to license, is in existence, or granting to any Grantor any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of any Grantor under any such agreement.

"Patents" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in any other country, including those listed on Schedule IV, and (b) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"Perfection Certificate" shall mean a certificate substantially in the form of Annex 2 hereto, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by an executive officer or Financial Officer of Holdings.

"Proceeds" shall mean "proceeds" (as defined in the UCC) of any Grantor and shall include any consideration received from the sale, exchange, license, lease or other disposition of any asset or property that constitutes Collateral, any value received as a consequence of the possession of any Collateral and any payment received from any insurer or other Person or entity as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or property which constitutes Collateral, and shall include , (a) any claim of any Grantor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (i) past, present or future infringement of any Patent now or hereafter owned by any Grantor, or licensed under a Patent License, (ii) past, present or future infringement or dilution of any Trademark now or hereafter owned by any Grantor or licensed under a Trademark License or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned by any Grantor, (iii) past, present or future breach of any License and (iv) past, present or future infringement of any Copyright now or hereafter owned by any Grantor or licensed under a Copyright License and (b) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Secured Parties" shall mean (a) the Lenders, (b) the Issuing Bank, (c) the Administrative Agent, (d) the Collateral Agent, (e) each counterparty to a Hedging Agreement entered into with the Borrower or any Loan Party if such counterparty was a Lender (or an Affiliate of a Lender) at the time the Hedging Agreement was entered into, (f) the beneficiaries of each indemnification obligation undertaken by any Grantor under any Loan Document and (g) the successors and assigns of each of the foregoing.

"Securities" shall mean any obligations of an issuer or any shares, participations or other interests in an issuer or in property or an enterprise of an issuer which (a) are represented by a certificate representing a security in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer, (b) are one of a class or series or by its terms is divisible into a class or series of shares, participations, interests or obligations and (c)(i) are, or are of a type, dealt with or traded on securities exchanges or securities markets or (ii) are a medium for investment and by their terms expressly provide that they are a security governed by Article 8 of the Uniform Commercial Code.

"Securities Account" shall mean an account to which a Financial Asset is or may be credited in accordance with an agreement under which the Person maintaining the account undertakes to treat the Person for whom the account is maintained as entitled to exercise rights that comprise the Financial Asset.

"Security Entitlements" shall mean the rights and property interests of an Entitlement Holder with respect to a Financial Asset.

"Security Interest" shall have the meaning assigned to such term in Section 2.01.

"Security Intermediary" shall mean (a) a clearing corporation or (b) a Person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

"Trademark License" shall mean any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned by any Grantor or which any

Grantor otherwise has the right to license, or granting to any Grantor any right to use any Trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement.

"Trademarks" shall mean all of the following: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office, any State of the United States or any similar offices in any other country or any political subdivision thereof, and all extensions or renewals thereof, including those listed on Schedule V, (b) all goodwill associated therewith or symbolized thereby and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

SECTION 1.03. Rules of Interpretation. The rules of interpretation specified in Section 1.03 of the Credit Agreement shall be applicable to this Agreement.

ARTICLE II

Security Interest

SECTION 2.01. Security Interest. As security for the payment or performance, as the case may be, in full of the Obligations, each Grantor hereby bargains, sells, conveys, assigns, sets over, mortgages, pledges, hypothecates and transfers to the Collateral Agent, its successors and assigns, for the ratable benefit of the Secured Parties, and hereby grants to the Collateral Agent, its successors and assigns, for the ratable benefit of the Secured Parties, a security interest in, all of such Grantor's right, title and interest in, to and under the Collateral (the "Security Interest"). Without limiting the foregoing, the Collateral Agent is hereby authorized to file one or more financing statements (including fixture filings), continuation statements, filings with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country) or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by each Grantor, without the signature of any Grantors, and naming any Grantor or the Grantors as debtors and the Collateral Agent as secured party.

SECTION 2.02. No Assumption of Liability. The Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Collateral.

ARTICLE III

Representations and Warranties

The Grantors jointly and severally represent and warrant to the Collateral Agent and the Secured Parties that:

SECTION 3.01. Title and Authority. Each Grantor has good and valid rights in and title to the Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Collateral Agent the Security Interest in such Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person other than any consent or approval which has been obtained.

SECTION 3.02. Filings. (a) The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein is correct and complete in all material respects. Fully executed Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations containing a description of the Collateral have been delivered to the Collateral Agent for filing in each governmental, municipal or other office specified in Schedule 6 to the Perfection Certificate, which are all the filings, recordings and registrations (other than filings required to be made in the United States Patent and Trademark Office and the United States Copyright Office in order to perfect the Security Interest in Collateral consisting of United States Patents, Trademarks and Copyrights) that are necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the ratable benefit of the Secured Parties) in respect of all Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements.

(b) Each Grantor shall ensure that fully executed security agreements in the form hereof (or short-form supplements to this Agreement in form and substance satisfactory to the Collateral Agent) and containing a description of all Collateral consisting of Intellectual Property shall have been received and recorded within three months after the execution of this Agreement with respect to United States Patents and United States registered Trademarks (and Trademarks for which United States registration applications are pending) and within one month after the execution of this Agreement with respect to United States registered Copyrights have been delivered to the Collateral Agent for recording by the United States Patent and Trademark Office and the United States Copyright Office pursuant to 35 U.S.C. ss. 261, 15 U.S.C. ss. 1060 or 17 U.S.C. ss. 205 and the regulations thereunder, as applicable, and otherwise as may be required pursuant to the laws of any other necessary jurisdiction in the United States (or any political subdivision thereof) and its territories and possessions, to protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the ratable benefit of the Secured Parties) in respect of all Collateral consisting of Patents, Trademarks and Copyrights in which a security interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, or in any other necessary jurisdiction, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary in any such jurisdiction (other than such actions as are necessary to perfect the Security Interest with respect to any Collateral consisting of Patents, Trademarks and Copyrights (or registration or application for registration thereof) acquired or developed after the date hereof).

SECTION 3.03. Validity of Security Interest. The Security Interest constitutes (a) a legal and valid security interest in all the Collateral securing the payment and performance of the Obligations, (b) subject to the filings described in Section 3.02 above, a perfected security interest in all Collateral in which a security interest may be perfected by filing, recording or registering a financing statement or analogous document in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the UCC or other analogous applicable law in such jurisdictions and (c) a security interest that shall be perfected in all Collateral in which a security interest may be perfected upon the receipt and recording of this Agreement with the United States Patent and Trademark Office and the United States Copyright Office, as applicable, within the three month period (commencing as of the date hereof) pursuant to 35 U.S.C. ss.261 or 15 U.S.C. ss.1060 or the one month period (commencing as of the date hereof) pursuant to 17 U.S.C. ss.205 and otherwise as may be required to pursuant to the laws of any other necessary jurisdiction in the United States (or any political subdivision thereof) and its territories and possessions. The Security Interest is and shall be prior to any other Lien on any of the Collateral, other than Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement.

SECTION 3.04. Absence of Other Liens. The Collateral is owned by the Grantors free and clear of any Lien, except for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement. The Grantor has not filed or consented to the filing of (a) any financing statement or analogous document under the UCC or any other applicable laws covering any Collateral, (b) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Collateral with the United States Patent and Trademark Office or the United States Copyright Office or (c) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document, assignment, security agreement or similar instrument is still in effect, except, in each case, for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement.

ARTICLE IV

Covenants

SECTION 4.01. Records. Each Grantor agrees to maintain, at its own cost and expense, such complete and accurate records with respect to the Collateral owned by it as is consistent with its current practices, but in any event to include complete accounting records indicating all payments and proceeds received with respect to any part of the Collateral, and, at such time or times as the Collateral Agent may reasonably request, promptly to prepare and deliver to the Collateral Agent an updated Perfection Certificate, noting all material changes, if any, since the date of the most recent Perfection Certificate.

SECTION 4.02. Protection of Security. Each Grantor shall, at its own cost and expense, take any and all actions necessary to defend title to the Collateral against all Persons and to defend the Security Interest of the Collateral Agent in the Collateral and the priority thereof against any Lien not expressly permitted pursuant to Section 6.02 of the Credit Agreement.

SECTION 4.03. Further Assurances. Each Grantor agrees, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Collateral Agent may from time to time request to better assure, preserve, protect and perfect the Security Interest and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with the execution and delivery of this Agreement, the granting of the Security Interest and the filing of any financing statements (including fixture filings) or other documents in connection herewith or therewith. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note or other instrument, such note or

instrument shall be immediately pledged and delivered to the Collateral Agent, duly endorsed in a manner satisfactory to the Collateral Agent.

SECTION 4.04. Inspection and Verification. The Collateral Agent and such Persons as the Collateral Agent may reasonably designate shall have the right to inspect the Collateral, all records related thereto (and to make extracts and copies from such records) and the premises upon which any of the Collateral is located, at reasonable times and intervals during normal business hours upon reasonable advance notice to the respective Grantor and to verify under reasonable procedures the validity, amount, quality, quantity, value, condition and status of the Collateral. The Collateral Agent shall have the absolute right to share any information it gains from such inspection or verification with any Secured Party in accordance with and subject to the provisions set forth in Section 9.12 of the Credit Agreement.

SECTION 4.05. Taxes; Encumbrances. At its option, the Collateral Agent may discharge past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Collateral and not permitted pursuant to Section 6.02 of the Credit Agreement, and may pay for the maintenance and preservation of the Collateral, in each case to the extent any Grantor fails to do so as required by the Credit Agreement or this Agreement, and each Grantor jointly and severally agrees to reimburse the Collateral Agent on demand for any payment made or any expense incurred by the Collateral Agent pursuant to the foregoing authorization; provided, however, that nothing in this Section 4.06 shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Collateral Agent or any Secured Party to cure or perform, any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, liens, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents.

SECTION 4.06. Assignment of Security Interest. If at any time any Grantor shall take a security interest in any property of an Account Debtor or any other Person to secure payment and performance of an Account, such Grantor shall promptly assign such security interest to the Collateral Agent to the extent permitted by any contracts or arrangements to which such property is subject. Such assignment need not be filed of public record unless necessary to continue the perfected status of the security interest against creditors of and transferees from the Account Debtor or other Person granting the security interest.

SECTION 4.07. Continuing Obligations of the Grantors. Each Grantor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Collateral, all in accordance with the terms and conditions thereof, and each Grantor jointly and severally agrees to indemnify and hold harmless the Collateral Agent and the Secured Parties from and against any and all liability for such performance.

SECTION 4.08. Use and Disposition of Collateral. None of the Grantors shall make or permit to be made an assignment, pledge or hypothecation of the Collateral or shall grant any other Lien in respect of the Collateral, except as expressly permitted by Section 6.02 of the Credit Agreement. None of the Grantors shall make or permit to be made any transfer of the Collateral and each Grantor shall remain at all times in possession of the Collateral owned by it, except that (a) Inventory may be sold in the ordinary course of business and (b) unless and until the Collateral Agent shall notify the Grantors that an Event of Default shall have occurred and be continuing and that during the continuance thereof the Grantors shall not sell, convey, lease, assign, transfer or otherwise dispose of any Collateral (which notice may be given by telephone if promptly confirmed in writing), the Grantors may use and dispose of the Collateral in any lawful manner not inconsistent with the provisions of this Agreement, the Credit Agreement or any other Loan Document. Without limiting the generality of the foregoing, each Grantor agrees that it shall not permit any material Inventory to be in the possession or control of any warehouseman, bailee, agent or processor at any time unless such warehouseman, bailee, agent or

processor shall have been notified of the Security Interest and shall have agreed in writing to hold the Inventory subject to the Security Interest and the instructions of the Collateral Agent and to waive and release any Lien held by it with respect to such Inventory, whether arising by operation of law or otherwise.

SECTION 4.09. Limitation on Modification of Accounts. None of the Grantors will, without the Collateral Agent's prior written consent, grant any extension of the time of payment of any of the Accounts Receivable, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any Person liable for the payment thereof or allow any credit or discount whatsoever thereon, other than extensions, credits, discounts, compromises or settlements granted or made in the ordinary course of business and consistent with its current practices.

SECTION 4.10. Insurance. The Grantors, at their own expense, shall maintain or cause to be maintained insurance covering physical loss or damage to the Inventory and Equipment in accordance with Section 5.07 of the Credit Agreement. Each Grantor irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent (and attorney-in-fact) for the purpose, during the continuance of an Event of Default, of making, settling and adjusting claims in respect of Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required hereby or to pay any premium in whole or part relating thereto, the Collateral Agent may, without waiving or releasing any obligation or liability of the Grantors hereunder or any Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Collateral Agent deems advisable. All sums disbursed by the Collateral Agent in connection with this Section 4.11, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, upon demand, by the Grantors to the Collateral Agent and shall be additional Obligations secured hereby.

SECTION 4.11. Legend. If any Accounts Receivable of any Grantor are evidenced by chattel paper, such Grantor shall legend, in form and manner satisfactory to the Collateral Agent, such Accounts Receivable and its books, records and documents evidencing or pertaining thereto with an appropriate reference to the fact that such Accounts Receivable have been assigned to the Collateral Agent for the benefit of the Secured Parties and that the Collateral Agent has a security interest therein.

SECTION 4.12. Covenants Regarding Patent, Trademark and Copyright Collateral. (a) Each Grantor agrees that it will not, nor will it permit any of its licensees to, do any act, or omit to do any act, whereby any Patent which is material to the conduct of such Grantor's business may become invalidated or dedicated to the public, and agrees that it shall continue to mark any products covered by a Patent with the relevant patent number as necessary and sufficient to establish and preserve its maximum rights under applicable patent laws pursuant to which each such Patent is issued.

(b) Each Grantor (either itself or through its licensees or its sublicensees) will, for each Trademark material to the conduct of such Grantor's business, (i) maintain such Trademark in full force free from any claim of abandonment or invalidity for non-use, (ii) maintain the quality of products and services offered under such Trademark sufficient to preclude any findings of abandonment, (iii) display such Trademark with notice of Federal or foreign registration to the extent necessary and sufficient to establish and preserve its maximum rights under applicable law pursuant to which each such Trademark is issued and (iv) not knowingly use or knowingly permit the use of such Trademark in violation of any third party rights.

(c) Each Grantor (either itself or through licensees) will, for each work covered by a material Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary and sufficient to establish and preserve its maximum rights under applicable copyright laws pursuant to which each such Copyright is issued.

(d) Each Grantor shall notify the Collateral Agent immediately if it knows or has reason to know that any Patent, Trademark or Copyright material to the conduct of its business may become abandoned, lost or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, United States Copyright Office or any court or similar office of any country) regarding such Grantor's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same.

(e) In no event shall any Grantor, either itself or through any agent, employee, licensee or designee, file an application for any Patent, Trademark or Copyright (or for the registration of any Trademark or Copyright) with the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States or in any other country or any political subdivision thereof, unless it promptly informs the Collateral Agent, and, upon request of the Collateral Agent, executes and delivers any and all agreements, instruments, documents and papers as the Collateral Agent may request to evidence and perfect the Collateral Agent's security interest in such Patent, Trademark or Copyright, and each Grantor hereby appoints the Collateral Agent as its attorney-in-fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable.

(f) Each Grantor will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States or in any other country or any political subdivision thereof, to maintain and pursue each material application relating to the Patents, Trademarks and/or Copyrights (and to obtain the relevant grant or registration) and to maintain each issued Patent and each registration of the Trademarks and Copyrights that is material to the conduct of any Grantor's business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees, and, if consistent with good business judgment, to initiate opposition, interference and cancelation proceedings against third parties.

(g) In the event that any Grantor has reason to believe that any Collateral consisting of a Patent, Trademark or Copyright material to the conduct of any Grantor's business has been or is about to be infringed, misappropriated or diluted by a third party, such Grantor promptly shall notify the Collateral Agent and shall, if consistent with good business judgment, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the circumstances to protect such Collateral.

(h) Upon and during the continuance of an Event of Default, each Grantor shall use its best efforts to obtain all requisite consents or approvals from the licensor of each Copyright License, Patent License or Trademark License to effect the assignment of all of such Grantor's right, title and interest thereunder to the Collateral Agent or its designee.

ARTICLE V

Power of Attorney

Each Grantor irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent and attorney-in-fact, and in such capacity the Collateral Agent shall have the right, with power of substitution for each Grantor and in each Grantor's name or otherwise, for the use and benefit of the Collateral Agent and the Secured Parties, upon the occurrence and during the continuance of an Event of Default (a) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (c) to sign the name of any Grantor on any invoice or bill of lading relating to any of the Collateral; (d) to send verifications of Accounts Receivable to any Account Debtor; (e) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (f) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; (g) to notify, or to require any Grantor to notify, Account Debtors to make payment directly to the Collateral Agent; and (h) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Collateral Agent were the absolute owner of the Collateral for all purposes; provided, however, that nothing herein contained shall be construed as requiring or obligating the Collateral Agent or any Secured Party to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent or any Secured Party, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken or omitted to be taken by the Collateral Agent or any Secured Party with respect to the Collateral or any part thereof shall give rise to any defense, counterclaim or offset in favor of any Grantor or to any claim or action against the Collateral Agent or any Secured Party. It is understood and agreed that the appointment of the Collateral Agent as the agent and attorney-in-fact of the Grantors for the purposes set forth above is coupled with an interest and is irrevocable. The provisions of this Section shall in no event relieve any Grantor of any of its obligations hereunder or under any other Loan Document with respect to the Collateral or any part thereof or impose any obligation on the Collateral Agent or any Secured Party to proceed in any particular manner with respect to the Collateral or any part thereof, or in any way limit the exercise by the Collateral Agent or any Secured Party of any other or further right which it may have on the date of this Agreement or hereafter, whether hereunder, under any other Loan Document, by law or otherwise.

ARTICLE VI

Remedies

SECTION 6.01. Remedies upon Default. Upon the occurrence and during the continuance of an Event of Default, each Grantor agrees to deliver each item of Collateral to the Collateral Agent on demand, and it is agreed that the Collateral Agent shall have the right to take any of or all the following actions at the same or different times: (a) with respect to any Collateral consisting of Intellectual Property, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any of or all such Collateral by the applicable Grantors to the Collateral Agent (except to the extent assignment, transfer or conveyance thereof would result in a loss of said Intellectual Property), or to license or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any such Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine (other than in violation of any then-existing licensing arrangements to the extent that waivers cannot be obtained), and (b) with or without legal process and with or without prior notice or demand for performance, to take possession of the Collateral and without liability for trespass to enter any premises where the Collateral may be located for the purpose of taking possession of or removing the Collateral and, generally, to exercise any and all rights afforded to a secured party under the UCC or other applicable law. Without limiting the generality of the foregoing, each Grantor agrees that the Collateral Agent shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized at any such sale (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to Persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay and appraisal which such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Collateral Agent shall give the Grantors 10 days' written notice (which each Grantor agrees is reasonable notice within the meaning of Section 9-504(3) of the Uniform Commercial Code as in effect in the State of New York or its equivalent in other jurisdictions) of the Collateral Agent's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or

purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by law, private) sale made pursuant to this Section, any Secured Party may bid for or purchase, free (to the extent permitted by law) from any right of redemption, stay, valuation or appraisal on the part of any Grantor (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any Obligation then due and payable to such Secured Party from any Grantor as a credit against the purchase price, and such Secured Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Grantor therefor. For purposes hereof a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver.

SECTION 6.02. Application of Proceeds. The Collateral Agent shall apply the proceeds of any collection or sale of the Collateral, as well as any Collateral consisting of cash, as follows:

FIRST, to the payment of all costs and expenses incurred by the Administrative Agent or the Collateral Agent (in its capacity as such hereunder or under any other Loan Document) in connection with such collection or sale or otherwise in connection with this Agreement or any of the Obligations, including all court costs and the reasonable fees and expenses of its agents and legal counsel, the repayment of all advances made by the Collateral Agent hereunder or under any other Loan Document on behalf of any Grantor and any other costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Loan Document;

SECOND, to the payment in full of the Obligations (the amounts so applied to be distributed among the Secured Parties pro rata in accordance with the amounts of the Obligations owed to them on the date of any such distribution); and

THIRD, to the Grantors, their successors or assigns, or as a court of competent jurisdiction may otherwise direct.

The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of the Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

SECTION 6.03. Grant of License to Use Intellectual Property. For the purpose of enabling the Collateral Agent to exercise rights and remedies under this Article at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Collateral Agent an irrevocable, non-exclusive license (exercisable without payment of royalty or other

compensation to the Grantors) to use, license or sub-license any of the Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Collateral Agent shall be exercised, at the option of the Collateral Agent, upon the occurrence and during the continuation of an Event of Default; provided that any license, sub-license or other transaction entered into by the Collateral Agent in accordance herewith shall be binding upon the Grantors notwithstanding any subsequent cure of an Event of Default.

ARTICLE VII

Miscellaneous

SECTION 7.01. Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 9.01 of the Credit Agreement. All communications and notices hereunder to any Guarantor shall be given to it at its address or telecopy number set forth on Schedule I, with a copy to the Borrower.

SECTION 7.02. Security Interest Absolute. All rights of the Collateral Agent hereunder, the Security Interest and all obligations of the Grantors hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Obligations, or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Obligations or this Agreement.

SECTION 7.03. Survival of Agreement. All covenants, agreements, representations and warranties made by any Grantor herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the making by the Lenders of the Loans and the issuance of Letters of Credit by the Issuing Bank, and the execution and delivery to the Lenders of any notes evidencing such Loans, regardless of any investigation made by the Lenders or on their behalf, and shall continue in full force and effect until this Agreement shall terminate.

SECTION 7.04. Binding Effect; Several Agreement. This Agreement shall become effective as to any Grantor when a counterpart hereof executed on behalf of such Grantor shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Grantor and the Collateral Agent and their respective successors and assigns, and shall inure to the benefit of such Grantor, the Collateral Agent and the other Secured Parties and their respective successors and assigns, except that no Grantor shall have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such assignment or transfer shall be void) except as expressly contemplated by this Agreement or the other Loan Documents. This Agreement shall be construed as a separate agreement with respect to each Grantor and may be amended, modified, supplemented, waived or released with respect to any Grantor

without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder.

SECTION 7.05. Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any Grantor or the Collateral Agent that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

SECTION 7.06. Collateral Agent's Fees and Expenses; Indemnification. (a) Each Grantor jointly and severally agrees to pay upon demand to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees, disbursements and other charges of its counsel and of any experts or agents, which the Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody or preservation of, or the sale of, collection from or other realization upon any of the Collateral, (iii) the exercise, enforcement or protection of any of the rights of the Collateral Agent hereunder or (iv) the failure of any Grantor to perform or observe any of the provisions hereof applicable to it.

(b) Without limitation of its indemnification obligations under the other Loan Documents, each Grantor jointly and severally agrees to indemnify the Collateral Agent and the other Indemnitees against, and hold each of them harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable fees, disbursements and other charges of counsel, incurred by or asserted against any of them arising out of, in any way connected with, or as a result of, the execution, delivery or performance of this Agreement or any claim, litigation, investigation or proceeding relating hereto or to the Collateral, whether or not 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 the gross negligence or willful misconduct of such Indemnitee.

(c) Any such amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Security Documents. The provisions of this Section 7.06 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Collateral Agent or any Lender. All amounts due under this Section 7.06 shall be payable on written demand therefor.

SECTION 7.07. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 7.08. Waivers; Amendment. (a) No failure or delay of the Collateral Agent in exercising any power or right 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 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 Collateral Agent hereunder and of the Collateral Agent, the Administrative Agent, the Issuing Bank and the Lenders 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 provisions of this Agreement or any other Loan Document or consent to any departure by any Grantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to

or demand on any Grantor in any case shall entitle such Grantor or any other Grantor to any other or further notice or demand in similar or other circumstances.

(b) 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 the Collateral Agent and the Grantor or Grantors with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 9.02 of the Credit Agreement.

SECTION 7.09. 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 RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. 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 AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.09.

SECTION 7.10. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7.11 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract (subject to Section 7.04), and shall become effective as provided in Section 7.04. Delivery of an executed signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 7.12. Headings. Article and Section headings used herein are for the purpose of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 7.13. Jurisdiction; Consent to Service of Process. (a) Each Grantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, 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 shall affect any right that the Collateral

Agent, the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against any Grantor or its properties in the courts of any jurisdiction.

(b) Each Grantor 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 the other Loan Documents in any New York State or Federal court. 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.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 7.01. Nothing in this Agreement will affected the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 7.14. Termination. This Agreement and the Security Interest shall terminate when all the Obligations have been indefeasibly paid in full and the Lenders have no further commitment to lend under the Credit Agreement, the LC Exposure has been reduced to zero and the Issuing Bank has no further obligation to issue Letters of Credit under the Credit Agreement, at which time the Collateral Agent shall execute and deliver to the Grantors, at the Grantors' expense, all Uniform Commercial Code termination statements and similar documents which the Grantors shall reasonably request to evidence such termination. Any execution and delivery of termination statements or documents pursuant to this Section 7.14 shall be without recourse to or warranty by the Collateral Agent. A Grantor shall automatically be released from its obligations hereunder and the Security Interest in the Collateral of such Grantor shall be automatically released in the event that such Grantor ceases to be a Subsidiary pursuant to a transaction permitted under the Loan Documents, at which time the Collateral Agent shall execute and deliver to any Grantor, at such Grantor's expense, all documents that such Grantor shall reasonably request to evidence such release.

SECTION 7.15. Additional Grantors. Pursuant to Section 5.12 of the Credit Agreement, each Subsidiary Loan Party that was not in existence or not a Subsidiary Loan Party on the date of the Credit Agreement is required to enter in to this Agreement as a Grantor upon becoming a Subsidiary Loan Party. Upon execution and delivery by the Collateral Agent and a Subsidiary of an instrument in the form of Annex 3 hereto, such Subsidiary shall become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein. The execution and delivery of any such instrument shall not require the consent of any Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC,

By /s/ Jean-Jacques Morin

Name: Jean-Jacques Morin
Title: Vice President

SCG HOLDING CORPORATION,

By /s/ Jean-Jacques Morin

Name: Jean-Jacques Morin
Title: Vice President

EACH OF THE OTHER GUARANTORS LISTED ON SCHEDULE I HERETO,

By /s/ Jean-Jacques Morin

Name: Jean-Jacques Morin
Title: Vice President

THE CHASE MANHATTAN BANK, as Collateral Agent,

By /s/ Marian Schulman

Name: Marian N. Schulman
Title: Vice President

Schedule I to the
Security Agreement

GUARANTORS

SCG Holding Corporation	5005 East McDowell Road Phoenix, AZ 85018
SCG International Development LLC	5005 East McDowell Road Phoenix, AZ 85018
SCG (Malaysia SMP) Holding Corporation	5005 East McDowell Road Phoenix, AZ 85018
SCG (Czech) Holding Corporation	5005 East McDowell Road Phoenix, AZ 85018
SCG (China) Holding Corporation	5005 East McDowell Road Phoenix, AZ 85018
Semiconductor Components Industries Puerto Rico, Inc.	5005 East McDowell Road Phoenix, AZ 85018

Schedule II to the
Security Agreement

COPYRIGHTS

A. MASK WORKS

DOCKET	DESCRIPTION		MW#
MP00265P	103E164	16:2 MUX	7795
MP00255P	100E157	4-Bit MUX	7731
MP00233P	XC63645	Clock Distribution Chip	7175
MP00232P	SC63635	Clock Distribution Chip	7178
MP00231P	SC63633	Clock Distribution Chip	7176
MP00230P	XC63615	Clock Distribution Chip	7177
MP00238P	100E336	Bus Transceiver	7745
MP00227P	10E336	Bus Transceiver	7744
MP00220P	110E193	Error Detection EDL Logic	7822
MP00219P	10E193	Error Detection EDL Logic	7824
MP00216P	100E166	9-Bit Comparator	7730
MP00193P	100E107	5-Bit 2 Input XOR/XNOR	7747
MP00192P	100E104	5-Bit 2 Input AND/NAND	7746
MP00191P	100E101	4-Bit 4 Input OR/NOR	7823
MP00267P	XC3660FN	Clock Chip	9-856
MP00259P	100E175	9-Bit Latch	7728
MP00258P	10E175	9-Bit Latch	7726
MP00257P	100E164	16:2 MUX	7727

Schedule III to the
Security Agreement

LICENSES

THIRD PARTY	TITLE OF AGREEMENT OR ITEM	EFFECTIVE DATE
Microsemi	Motorola--Microsemi Technology Agreement	26 February 1996
Stanford University	Nonexclusive Patent Agreement	9 May 1997
Vitelic (H.K.) Limited	Technology Transfer and Contract Products Supply Agreement	29 May 1996
Arizona State University	Sponsored Research Agreement on Leading Indicators for Motorola Product Lines	6 May 1998
Raychem	Joint Development Agreement	30 April 1997
Philips	Letter dated 7 September 1993	

Schedule IV to the
Security Agreement

PATENTS*

DOCKET #	TITLE	FIRST INVENTOR

* 11 pages redacted.
Confidential Information in this Exhibit 10.4 has been omitted and filed separately with the Securities and Exchange Commission.

Schedule V to the
Security Agreement

TRADEMARKS

TRADEMARK	COUNTRIES	STATUS
ALExIS	USA	Common Law
Bullet-Proof	USA	Common Law
	JAPAN	Registered
CHIPSCRETES	USA	Common Law
Designer's	USA	Common Law
DUOWATT	USA	Common Law
E-FET	USA	Common Law
EASY SWITCHER	USA	Common Law
ECL300	USA	Common Law
ECLinPS	USA	Common Law
ECLinPS/ELITE	USA	Common Law
EpiBase	USA	Common Law
	JAPAN	Registered
Epicap	USA	Common Law
ESD...SURGE PROTECTION	USA	Common Law
EZFET	USA	Common Law
FULLPAK	USA	Common Law
GEMFET	USA	Common Law
	JAPAN	Registered
HDTMOS	USA	Registered
	JAPAN	Registered
HVTMOS	JAPAN	Registered
ICePAK	USA	Common Law
	JAPAN	Registered
L2TMOS	USA	Common Law
MCCS	USA	Common Law

TRADEMARK	COUNTRIES	STATUS
MDTL	USA	Common Law
MECL	USA	Common Law
MEGAHERTZ	USA	Common Law
MHTL	USA	Common Law
MiniMOS	USA	Common Law
MiniMOSORB	USA	Common Law
Mosorb	USA	Common Law
MRTL	USA	Common Law
MTTL	USA	Common Law
Multi-Pak	USA	Common Law
PowerBase	USA	Common Law
PowerLux	USA	Abandoned 1998
POWERTAP	USA	Common Law
Quake	USA	Common Law
Rail-To-Rail	USA	Abandoned
SCANSWITCH	USA	Common Law
	JAPAN	Registered
SENSEFET	USA	Common Law
	JAPAN	Registered
SLEEPMODE	USA	Common Law
SMALLBLOCK	USA	Common Law
	JAPAN	Registered
SMARTDISCRETES	USA	Common Law
SMARTswitch	USA	Common Law
SUPERBRIDGES	USA	Common Law
SuperLock	USA	Common Law
Surmetic	USA	Common Law
	FRANCE	Registered
	JAPAN	Registered
SWITCHMODE	USA	Common Law

TRADEMARK	COUNTRIES	STATUS
	JAPAN	Registered
Thermopad	USA	Common Law
Thermowatt	USA	Common Law
TMOS	USA	Registered
	BENELUX	Registered
	FINLAND	Registered
	FRANCE	Registered
	GREAT BRITAIN	Registered
	GERMANY	Registered
	ITALY	Registered
	JAPAN	Registered
	NORWAY	Registered
TMOS & Design Device	USA	Registered
	ITALY	Registered
TMOS Stylized	BENELUX	Registered
	FINLAND	Registered
	FRANCE	Registered
	GREAT BRITAIN	Registered
	GERMANY	Registered
	NORWAY	Registered
Unibloc	USA	Common Law
UNIT/PAK	USA	Common Law
Uniwatt	USA	Common Law
	JAPAN	Registered
WaveFET	USA	Common Law
	JAPAN	Registered
Z-Switch	USA	Common Law
ZIP R TRIM	USA	Common Law

Annex 2 to the
Security Agreement

[Form of]

PERFECTION CERTIFICATE

Reference is made to (a) the Credit Agreement, dated as of August 4, 1999 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among SCG HOLDING CORPORATION ("Holdings"), SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC (the "Borrower"), the lenders from time to time party thereto (the "Lenders"), THE CHASE MANHATTAN BANK, as administrative agent (in such capacity, the "Administrative Agent") and as collateral agent (in such capacity, the "Collateral Agent"), and CREDIT LYONNAIS NEW YORK BRANCH, DLJ CAPITAL FUNDING, INC. and LEHMAN COMMERCIAL PAPER INC., as co-documentation agents (in such capacity, the "Documentation Agents" and, together with the Administrative Agent and the Collateral Agent, the "Agents") and (b) the Security Agreement, dated as of August 4, 1999 (as amended, supplemented or otherwise modified from time to time, the "Security Agreement") among the Grantors and the Collateral Agent. Capitalized terms used herein but not defined herein having the respective meanings set forth in the Credit Agreement and the Security Agreement.

The undersigned, a Financial Officer of Holdings, hereby certify to the Agents and each other Secured Party as follows:

1. Names. (a) The exact corporate name of each Grantor, as such name appears in its respective certificate of incorporation, is as follows:

(b) Set forth below is each other corporate name each Grantor has had in the past five years, together with the date of the relevant change:

(c) Except as set forth in Schedule 1 hereto, no Grantor has changed its identity or corporate structure in any way within the past five years. Changes in identity or corporate structure would include mergers, consolidations and acquisitions, as well as any change in the form, nature or jurisdiction of corporate organization. If any such change has occurred, include in Schedule 1 the information required by Sections 1 and 2 of this certificate as to each acquiree or constituent party to a merger or consolidation.

(d) The following is a list of all other names (including trade names or similar appellations) used by each Grantor or any of its divisions or other business units in connection with the conduct of its business or the ownership of its properties at any time during the past five years:

(e) Set forth below is the Federal Taxpayer Identification Number of each Grantor:

2. Current Locations. (a) The chief executive office of each Grantor is located at the address set forth opposite its name below:

Grantor	Mailing Address	County	State

(b) Set forth below opposite the name of each Grantor are all locations where such Grantor maintains any books or records relating to any Accounts Receivable (with each location at which chattel paper, if any, is kept being indicated by an "*"):

Grantor	Mailing Address	County	State

(c) Set forth below opposite the name of each Grantor are all the places of business of such Grantor not identified in paragraph (a) or (b) above:

Grantor	Mailing Address	County	State

(d) Set forth below opposite the name of each Grantor are all the locations where such Grantor maintains any Collateral not identified above:

Grantor	Mailing Address	County	State

(e) Set forth below opposite the name of each Grantor are the names and addresses of all Persons other than such Grantor that have possession of any of the Collateral of such Grantor:

Grantor	Mailing Address	County	State

3. Unusual Transactions. All Accounts Receivable have been originated by the Grantors and all Inventory has been acquired by the Grantors in the ordinary course of business.

4. UCC Filings. Duly signed financing statements on Form UCC-1 in substantially the form of Schedule 4 hereto have been prepared for filing in the Uniform Commercial Code filing office in each jurisdiction where a Grantor has Collateral as identified in Section 2 hereof.

5. Schedule of Filings. Attached hereto as Schedule 5 is a schedule setting forth, with respect to the filings described in Section 4 above, each filing and the filing office in which such filing is to be made.

6. Filing Fees. All filing fees and taxes payable in connection with the filings described in Section 4 above have been paid or provided for.

7. Stock Ownership. Attached hereto as Schedule 7 is a true and correct list of all the duly authorized, issued and outstanding Equity Interests of each Subsidiary (including the Borrower) and the record and beneficial owners of such Equity Interests. Also set forth on Schedule 7 is each Equity Interest of Holdings and each Subsidiary (including the Borrower) that represents 50% or less of the equity of the entity in which such investment was made.

8. Notes. Attached hereto as Schedule 8 is a true and correct list of all notes held by Holdings and each Subsidiary (including the Borrower) and all intercompany notes between Holdings and each Subsidiary (including the Borrower) and between each Subsidiary (including the Borrower) and each other such Subsidiary (including the Borrower).

9. Advances. Attached hereto as Schedule 9 is (a) a true and correct list of all advances made by Holdings to any Subsidiary (including the Borrower) or made by any Subsidiary (including the Borrower) to Holdings or to any other Subsidiary (including the Borrower), which advances will be on and after the date hereof evidenced by one or more intercompany notes pledged to the Collateral Agent under the Pledge Agreement and (b) a true and correct list of all unpaid intercompany transfers of goods sold and delivered by or to Holdings or any Subsidiary (including the Borrower).

10. Mortgage Filings. Attached hereto as Schedule 10 is a schedule setting forth, with respect to each Mortgaged Property, (i) the exact corporate name of the entity that owns such property as such name appears in its certificate of formation, (ii) if different from the name identified pursuant to clause (i), the exact name of the current record owner of such property reflected in the records of the filing office for such property identified pursuant to the following clause and (iii) the filing office in which a Mortgage with respect to such property must be filed or recorded in order for the Collateral Agent to obtain a perfected security interest therein.

IN WITNESS WHEREOF, the undersigned have duly executed this certificate on this | | th day of | |.

SCG HOLDING CORPORATION,

By

Name:
Title: [Financial Officer]

Annex 3 to the
Security Agreement

SUPPLEMENT NO. [ ] dated as of [ ], to the Security Agreement dated as of August 4, 1999, among SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC, a Delaware limited liability company (the "Borrower"), SCG HOLDING CORPORATION, a Delaware corporation ("Holdings"), each subsidiary of Holdings listed on Schedule I thereto (each such subsidiary individually a "Subsidiary" or a "Guarantor" and, collectively, the "Subsidiaries" or, with Holdings, the "Guarantors"; the Guarantors and the Borrower are referred to collectively herein as the "Grantors") and THE CHASE MANHATTAN BANK, a New York banking corporation ("Chase"), as collateral agent (in such capacity, the "Collateral Agent") for the Secured Parties (as defined therein).

A. Reference is made to (a) the Credit Agreement dated as of August 4, 1999 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, Holdings, the lenders from time to time party thereto (the "Lenders"), Chase, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), and Credit Lyonnais New York Branch, DLJ Capital Funding, Inc. and Lehman Commercial Paper Inc., as co-documentation agents, and (b) the Guarantee Agreement dated as of August 4, 1999 (as amended, supplemented or otherwise modified from time to time, the "Guarantee Agreement"), among the Guarantors and the Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement and the Credit Agreement.

C. The Grantors have entered into the Security Agreement in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit. Pursuant to Section 5.12 of the Credit Agreement, each Subsidiary Loan Party that was not in existence or not a Subsidiary Loan Party on the date of the Credit Agreement is required to enter in to this Agreement as a Grantor upon becoming a Subsidiary Loan Party. Section 7.15 of the Security Agreement provides that such Subsidiaries may become Grantors under the Security Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "New Grantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Grantor under the Security Agreement in order to induce the Lenders to make additional Loans and the Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Grantor agree as follows:

SECTION 1. In accordance with Section 7.15 of the Security Agreement, the New Grantor by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor and the New Grantor hereby (a) agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct on and as of the date hereof except to the extent a representation and warranty expressly relates solely to a specific date in which case such representation and warranty shall be true and correct on such date. In furtherance of the foregoing, the New Grantor, as security for the payment and performance in full of the Obligations (as defined in the Security Agreement), does hereby create and grant to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, their successors and assigns, a security interest in and lien on all of the New Grantor's right, title and interest in and to the Collateral of the New Grantor. Each reference to a "Grantor" in the Security Agreement shall be deemed to include the New Grantor. The Security Agreement is hereby incorporated herein by reference.

SECTION 2. The New Grantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement 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 Supplement shall become effective when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Grantor and the Collateral Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. The New Grantor hereby represents and warrants that (a) set forth on Schedule I attached hereto is a true and correct schedule of the location of any and all Collateral of the New Grantor and (b) set forth under its signature hereto, is the true and correct location of the chief executive office of the New Grantor.

SECTION 5. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Security Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. All communications and notices hereunder shall be in writing and given as provided in Section 7.01 of the Security Agreement. All communications and notices hereunder to the

New Grantor shall be given to it at the address set forth under its signature below, with a copy to the Borrower.

SECTION 9. The New Grantor agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Collateral Agent.

IN WITNESS WHEREOF, the New Grantor and the Collateral Agent have duly executed this Supplement to the Security Agreement as of the day and year first above written.

[NAME OF NEW GRANTOR],

By

Name:
Title:
Address:

THE CHASE MANHATTAN BANK, as Collateral Agent,

By

Name:
Title:

EXHIBIT 10.5*

AMENDED AND RESTATED
INTELLECTUAL PROPERTY AGREEMENT

This INTELLECTUAL PROPERTY AGREEMENT ("Agreement"), as amended and restated herein, is entered into this 4th day of August 1999 (the "Effective Date",) by and between MOTOROLA, INC., a Delaware Corporation (hereinafter "MOTOROLA"), acting through its Semiconductor Products Sector ("SPS"), and Semiconductor Components Industries, L.L.C., a Delaware limited liability company ("SCILLC").

RECITALS

WHEREAS, MOTOROLA, through its Semiconductor Components Group ("SCG"), develops, manufactures and sells discrete and integrated circuit semiconductor products and related products.

WHEREAS, SCG presently is a part of SPS.

WHEREAS, SCG has operations in the United States and numerous foreign countries.

WHEREAS, MOTOROLA desires to reorganize the business, assets, properties and operations presently constituting SCG to establish SCG as a "stand alone" business, separate from the remainder of SPS (the "Reorganization").

WHEREAS, SCG Holding Corporation, formerly known as Motorola Energy Systems, Inc., a Delaware corporation is a wholly owned subsidiary of MOTOROLA (hereinafter, "SCG Holding"), and SCILLC is a wholly-owned subsidiary of SCG Holding.

WHEREAS, SCG Holding and SCILLC are to be among the entities into which MOTOROLA contributes the business, assets and operations of SCG (the "SCG Business") pursuant to the Reorganization.

WHEREAS, MOTOROLA is the owner or licensee of certain intellectual property under which MOTOROLA will hereunder assign, license, or sublicense, as the case may be, to SCILLC certain intellectual property to support and continue the operation of the SCG Business (such transactions hereunder to be treated as a contribution by MOTOROLA to the capital of SCG Holding),

WHEREAS, the Parties hereto contemplate entering into a Reorganization Agreement as soon as practicable following the date hereof under which it is contemplated that the Reorganization will be effected (the "Reorganization Agreement").

NOW, THEREFORE, in furtherance of the foregoing premises and in consideration of the mutual covenants and obligations hereinafter set forth, the Parties hereto, intending to be legally bound hereby, do agree as follows:

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* Confidential Information in this Exhibit 10.5 has been omitted and filed separately with the Securities and Exchange Commission.

SECTION 1

DEFINITION AND TERMS

As used in the agreement, the following terms shall have the meaning set forth or referenced below:

1.1. ASSIGNED COPYRIGHTABLE MATERIALS means MOTOROLA owned data sheets, data books, application notes, and other advertising materials used in connection with the marketing and sale of any SCG PRODUCT and which do not bear the trademark or tradenames of MOTOROLA other than ASSIGNED TRADEMARKS. ASSIGNED COPYRIGHTABLE MATERIALS does not include software or tangible documentation of the process flow sheets used in the manufacture of any product.

1.2. ASSIGNED KNOW HOW means know-how as set forth in Exhibit 1.2.

1.3. ASSIGNED MASK WORKS means registered masks works as set forth in Exhibit 1.3 and any mask work protection available to MOTOROLA in those mask works fixed by MOTOROLA which are embodied exclusively in an SCG PRODUCT.

1.4. ASSIGNED PATENTS means the patents and patent applications set forth in Exhibit 1.4 and any foreign counterparts of the patents and applications listed on Exhibit 1.4.

1.5. ASSIGNED TRADEMARKS means registered and common law trademarks set forth in Exhibit 1.5.

1.6. CIRCUIT means a plurality of active and/or passive elements for generating, receiving, transmitting, storing, transforming or acting in response to an electrical signal.

1.7. CIRCUIT PATENT means a LICENSED MOTOROLA PATENT which claims a CIRCUIT or an ELECTRICAL METHOD.

1.8. CLOSING DATE means the date on which the consummation of the transactions set forth in the Reorganization Agreement occurs.

1.9. CONFIDENTIAL INFORMATION means all proprietary information which is 1) not publicly known and 2) used to manufacture and sell SCG PRODUCTS or SPS PRODUCTS or specifically used in the business by the Semiconductor Components Group of MOTOROLA. CONFIDENTIAL INFORMATION specifically includes all RESTRICTED PROCESS MODULES.

1.10. ELECTRICAL METHOD means a method or steps for using CIRCUITS or SYSTEMS, whether or not combined with one or more active and/or passive elements, for performing electrical or electronic functions.

1.11. INDEMNIFIED PRODUCT means any product:

1.11.1. which is an SCG PRODUCT; or

1.11.2. which is derived from an SCG PRODUCT and that has substantially the same form, fit, function, and application as an SCG PRODUCT, as determined by the data sheet relating to the SCG PRODUCT in existence prior to the CLOSING DATE.

1.11.3. Notwithstanding the language in this section 1.11, in no event shall the term INDEMNIFIED PRODUCT include memories, microprocessors, microcontrollers, digital signal processors, sensor devices having a mechanical input, RF devices (but not small signal RF discrete devices such as high frequency small signal transistors of the type that are SCG PRODUCTS, tuning diodes, and varactors), Optobus products, power devices integrated with analog circuitry on the same SEMICONDUCTIVE MATERIAL other than those specific devices that have product numbers that are SCG PRODUCTS or within the scope of 1.11.2, hybrid power modules, compound semiconductor products, Vertical Cavity Surfacing Emitting Lasers (VCSEL), Field Programmable Gate Arrays (FPGAs), Field Programmable Analog Arrays (FPAAs), or magnetoresistive devices or devices that are formed substantially of materials having a permanent magnetic effect (collectively "EXCLUDED PRODUCTS"), whether or not any such EXCLUDED PRODUCT includes the functionality of an SCG PRODUCT.

1.11.4. Notwithstanding the language in this section 1.11, in no event shall INDEMNIFIED PRODUCT include any product made or sold by SCILLC if infringement of a third party's patent would have been avoided but for a change in the manufacturing or design of an SCG PRODUCT or but for the use of a process or equipment for manufacture of or the design of an INDEMNIFIED PRODUCT that was not used in the design or manufacture of an SCG PRODUCT before the CLOSING DATE.

1.12. INTEGRATED CIRCUIT STRUCTURE means an integral unit consisting primarily of a plurality of active and/or passive circuit elements associated on, or in, a unitary body of SEMICONDUCTIVE MATERIAL for performing electrical or electronic functions and, if provided therewith, such unit includes housing and/or supporting means therefor.

1.13. INTELLECTUAL PROPERTY means the LICENSED MOTOROLA PATENTS, ASSIGNED PATENTS, LICENSED VISIBLE TRADEMARKS, LICENSED EMBEDDED TRADEMARKS, ASSIGNED TRADEMARKS, LICENSED KNOW HOW, ASSIGNED KNOW HOW, LICENSED SOFTWARE, ASSIGNED MASK WORKS, LICENSED MASK WORKS, ASSIGNED COPYRIGHTABLE MATERIALS, and LICENSED COPYRIGHTABLE MATERIALS.

1.14. LICENSED SCILLC PATENTS means all classes or types of patents, utility models, design patents, applications, and any counterparts thereof for the aforementioned or all countries of the world owned by SCILLC which have claims that read on the manufacture, assembly, test, use, lease, sale, offer for sale, disposal, importation, or

design of a LICENSED SPS PRODUCT and which are issued, published or filed on or before five (5) years after the CLOSING DATE. LICENSED SCILLC PATENTS also includes patents That are acquired by SCILLC, on or before five (5) years after the CLOSING DATE, and under which and to the extent to which and subject to the conditions under which SCILLC may have the right to grant licenses or rights of the scope granted herein without the payment of royalties or other consideration to third persons, except for payments to third persons (a) for inventions made by said third persons while engaged by SCILLC, and (b) as consideration for the acquisition of such patents, utility models, design patents and applications.

1.15. LICENSED COPYRIGHTABLE MATERIALS means MOTOROLA owned data sheets, data books, application notes, and other advertising materials used in connection with the marketing and sale of any SCG PRODUCT and which bear the trademark or tradenames of MOTOROLA other than ASSIGNED TRADEMARKS. LICENSED COPYRIGHTABLE MATERIALS does not include software or tangible documentation of the process flow sheets used in the manufacture of any product.

1.16. LICENSED EMBEDDED TRADEMARKS means any trademark owned by MOTOROLA which is embedded in or affixed on equipment, software, or materials ("Items") used in connection with the sale, offering for sale, distribution, or advertising of an SCG PRODUCT, which Items are not sold or provided to purchasers of an SCG PRODUCT or trademarks which are not visible to purchasers of an encapsulated SCG PRODUCT.

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1.18. LICENSED MOTOROLA PATENTS means all classes or types of patents, utility models, design patents, applications, Mid any counterparts thereof for the aforementioned of all countries of the world which have claims that read on the manufacture, assembly, test, use lease, sale, offer for sale, disposal, importation, or design of a LICENSED PRODUCT and are:

(i) Issued, published or filed on or before five (5) years after the CLOSING DATE, and which arise out of inventions **********
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* Confidential Information omitted and filed separately with the Securities and Exchange Commission

(ii) Are acquired, on or before five (5) years after the CLOSING DATE, by MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR: and under which and to the extent to which and subject to the conditions under which the MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR may have the right to grant licenses or rights of the scope granted herein without the payment of royalties or other consideration to third persons, except for payments to third persons (a) for inventions made by said third persons while engaged by MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR, and (b) as consideration for the acquisition of such patents, utility models, design patents and applications. In no event shall the term LICENSED MOTOROLA PATENTS include or encompass patents on inventions made by employees of MOTOROLA while in the employ of groups or operations of MOTOROLA other than the MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR.

1.19. LICENSED PRODUCT means any product:

1.19.1. which is an SCG PRODUCT; or

1.19.2. which is derived from an SCG PRODUCT and that has substantially the same function as an SCG PRODUCT in existence prior to the CLOSING DATE; or

1.19.3. an INTEGRATED CIRCUIT STRUCTURE or SEMICONDUCTIVE ELEMENT which is reasonably anticipated by the Semiconductor Components Group's 1999 Analog Long Range Plan (LRP) dated 18 March 1999, the 1999 Logic LRP dated 19 March 1999, the 1999 Bipolar Discrete LRP dated 16 April 1999, or the 1999 MOS Gated LRP dated 26 February 1999.

1.19.4. Notwithstanding the above language in this section, in no event shall the term LICENSED PRODUCT include memories, microprocessors, microcontrollers, digital signal processors, sensor devices having a mechanical input, RF devices (but not small signal RF discrete devices such as high frequency small signal transistors of the type that are SCG PRODUCTS, tuning diodes, and varactors), Optobus products, power devices integrated with analog circuitry on the same SEMICONDUCTIVE MATERIAL other than those specific devices that have product numbers that are SCG PRODUCTS or within the scope of 1.19.3, hybrid power modules of the type developed by or made by the former Hybrid Power Modules business unit of MOTOROLA, compound semiconductor products, Vertical Cavity Surfing Emitting Lasers (VCSEL), Field Programmable Gate Arrays (FPGAs), Field Programmable Analog Arrays (FPAAs), or magnetoresistive devices or devices that are formed substantially of materials having a permanent magnetic effect (collectively "EXCLUDED PRODUCTS"), whether or not any such EXCLUDED PRODUCT includes the functionality of an SCG PRODUCT.

1.20. LICENSED SOFTWARE means software owned by MOTOROLA and specifically used in business applications used by or for the Semiconductor Components Group of MOTOROLA or in the manufacture, design, operation, or testing of an SCG PRODUCT.

1.21. LICENSED SPS PRODUCT means any product other than an SCG PRODUCT or a product which is derived from an SCG PRODUCT and that has substantially the same function as an SCG PRODUCT, provided, however, that LICENSED SPS PRODUCT shall include discrete RF devices, discrete sensor devices, discrete compound semiconductor devices, but shall not include any other discrete devices, and provided that LICENSED SPS PRODUCT shall include any product set forth in the PTI code listing for MOTOROLA's MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR business units other than the Semiconductor Component Group of MOTOROLA's MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR.

1.22. LICENSED VISIBLE TRADEMARKS means any trademark owned by MOTOROLA which is affixed on materials (including printed materials, advertising materials, data sheets, application notes, packing slips, packing materials, or electronic materials) used in connection with the sale, offering for sale, distribution, or advertising of an SCG PRODUCT or on an SCG PRODUCT which is provided to and visible by purchasers of an encapsulated SCG PRODUCT.

1.23. MANUFACTURING APPARATUS means as to each party hereto, any instrumentality or aggregate of instrumentality primarily designed for use in the fabrication of that party's LICENSED PRODUCTS (as hereinafter defined).

1.24. MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR means an existing business unit of MOTOROLA: (i) now consisting of a Networking & Computing Systems Group, a Semiconductor Components Group, a Transportation Systems Group, a Wireless Subscriber Systems Group, and an Imaging and Entertainment Systems organization, (ii) having major manufacturing facilities located in Phoenix, Mesa, Chandler and Tempe, Arizona; Austin, Texas; Toulouse, France; Aizu and Sendai, Japan; Tianjin, China; East Kilbride and South Queensferry, Scotland, Guadalajara, Mexico, Carmona, Philippines; and Seremban, Malaysia; and (iii) making and/or developing products falling within the definition of INTEGRATED CIRCUIT STRUCTURES OR SEMICONDUCTOR ELEMENTS. This definition of the MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR also includes the predecessor business unit of MOTOROLA of said groups taken singularly or in combination and/or said organization and any future or successor business unit of MOTOROLA acquired or derived from, by separation, reorganization, or merger, irrespective of appellation, said groups taken singularly or in combination and/or said organization.

1.25. NON-ASSERTED MOTOROLA PATENTS means all classes or types of patents, utility models, design patents, applications, and any counterparts thereof for the aforementioned of all countries of the world which have claims that read on the manufacture, assembly, test, use lease, sale, offer for sale, disposal, importation, or design of an SCG PRODUCT and are issued, published or filed on or before the CLOSING DATE, and which arise out

of inventions made solely by one or more employees of MOTOROLA. NONASSERTED PATENTS shall not include LICENSED MOTOROLA PATENTS.

1.26. PROCESS AND STRUCTURE PATENT means a LICENSED PATENT which claims a process for manufacturing a SEMICONDUCTOR ELEMENT or INTEGRATED CIRCUIT STRUCTURE or which claims the arrangement or interrelationship in or on a semiconductor substrate of regions, layers, electrodes, or contacts thereof.

1.27. RESTRICTED PROCESS MODULES means that information described in Exhibit 1.27.

1.28. SCG PRODUCT means any product identified as a product, as of the CLOSING DATE, of the Semiconductor Component Group of MOTOROLA's MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR as set forth in the pti code listing for the Semiconductor Components Group, excluding the optoisolator and optocoupler products, GaAs Schottky products, FPAA, FPGA, and GaAs LEDs.

1.29. SEMICONDUCTIVE MATERIAL means any material whose conductivity is intermediate to that of metals and insulators at room temperature and whose conductivity, over some temperature range, increases with increases in temperature. Such material shall include but not be limited to refined products, reaction products, reduced products, mixtures and compounds.

1.30. SEMICONDUCTOR ELEMENT means a device other than an INTEGRATED CIRCUIT STRUCTURE consisting primarily of a body of SEMICONDUCTIVE MATERIAL having a plurality of electrodes associated therewith, whether or not said body consists of a single SEMICONDUCTIVE MATERIAL or of a multiplicity of such materials, and whether or not said body includes one or more layers or other regions (constituting substantially less than the whole of said body) of a material or materials which are of a type other than SEMICONDUCTIVE MATERIAL and, if provided therewith, such device includes housing and/or supporting means therefor.

1.32. SUBSIDIARY means a corporation, company, or other entity more than or equal to forty-nine percent (49%) of whose outstanding share or securities (representing the right to vote for the ejection of directors or other managing authority) are, now or hereafter, owned or controlled, directly or indirectly by a party hereto, but such corporation company or other entity shall be deemed to be a SUBSIDIARY only so long as such ownership or control exists. SUBSIDIARY shall also mean entities in which SCILLC holds less than 49% but more than or equal to a thirty-three percent (33%) interest, provided that the entity's principal business is to manufacture LICENSED PRODUCTS for SCILLC **********
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* Confidential Information omitted and filed separately with the Securities and Exchange Commission

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1.33. SYSTEM means one or more CIRCUITS whether or not combined with one or more active and/or passive elements for performing electrical or electronic functions, whether or not a housing and/or supporting means for said circuitry is included.

1.34. THIRD PARTY SCG CONTRIBUTION means any know how, that if existing prior to the CLOSING DATE, would have been classified as know how under one of the processes set forth in Exhibit 1.2 (ASSIGNED KNOW HOW) or is solely related to an SCG PRODUCT and such know how is developed by a third party that was obligated, under a written agreement with MOTOROLA as of the CLOSING DATE, to assign to MOTOROLA title or joint ownership in such development.

SECTION 2

ASSIGNMENT AND LICENSE OF PATENTS

2.1. MOTOROLA hereby assigns all its right, title, and interest, including the right to sue for infringement before the CLOSING DATE, and subject to any existing third party licenses before the CLOSING DATE, in ASSIGNED PATENTS to SCILLC. MOTOROLA shall provide all of its flies of the ASSIGNED PATENTS to SCILLC no later than ninety (90) days after the CLOSING DATE. Upon transfer of such files to the SCILLC, SCILLC assumes all responsibility for the prosecution and payment of fees associated therewith. SCILLC shall ensure that all documentation necessary to execute and record the transfer of ASSIGNED PATENTS is prepared by SCILLC and presented to MOTOROLA for signature. MOTOROLA shall execute and deliver, or cause to be executed and delivered such documentation to SCILLC, no later than ninety (90) days after presentation of such documentation to SCILLC.

2.2. MOTOROLA and SCILLC agree that the MOSAIC 5/5e patents and any counterparts thereof listed in this Section 2.2 will be included as ASSIGNED PATENTS if and when the MOSAIC 5 and/or MOSAIC 5e process is transferred to SCILLC as set forth in the SCG Manufacturing Agreement. SCILLC and MOTOROLA agree that the rights and obligations granted and accepted hereunder for ASSIGNED PATENTS will apply to the MOSAIC 5/5e patents and any obligations will be triggered as of the date specified in this Section 2.2 other than the CLOSING DATE. MOSAIC 5/5e patents are patents or patent applications with the following Docket Numbers: SCG64I9P, SC06509P, SC06543P, SC06544P, SC06573P, SCG6645P, 5C07139P, 9C07538P, SC08875P.

2.3. MOTOROLA and SCILLC agree that U.S. Patent Number 5,418,410, and any counterparts thereof (Tisinger patents) will be included as ASSIGNED PATENTS upon the naming of SCILLC as a party to the litigation Power Integrations v. Motorola, Inc. or if SCILLC is not named as a party to such litigation, then upon the settlement of the litigation. SCILLC and MOTOROLA agree that the rights and obligations granted and

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* Confidential Information omitted and filed separately with the Securities and Exchange Commission

accepted hereunder for ASSIGNED PATENTS will apply to the Tisinger patents and any obligations will be triggered as of the date specified in this Section 2.3 rather than the CLOSING DATE.

2.4. MOTOROLA and SCILLC agree that U.S. Patent Number 4,450,367 will be included as ASSIGNED PATENTS upon the settlement of the Power Integrations v. Motorola, Inc. litigation. SCILLC and MOTOROLA agree that the rights and obligations granted and accepted hereunder for ASSIGNED PATENTS will apply to U.S. Patent Number 4,450,367 and any obligations will be triggered as of the date specified in this Section 2.4 rather than the CLOSING DATE.

2.5. MOTOROLA hereby grants SCILLC, for the life of the last to expire LICENSED MOTOROLA PATENTS, a world wide, non-exclusive, nontransferable license under LICENSED MOTOROLA PATENTS without the right to sub-license (except and only to the extent necessary for SCILLC to fulfill its obligations assumed under the Technology License Contract originally between Motorola, Inc. and Leshan-Phoenix Semiconductor Company, Ltd):

2.5.1. ********** ********** ********** **********

(i) that are designed solely or jointly by or for SCILLC, or

(ii) that are designed by third parties********** ********** ********** ********** ********** ********** ********** and to practice any process or method involved in the manufacture or use thereof, and

2.5.2. to make, use and have made MANUFACTURING APPARATUS and to practice any process or method involved in the use thereof.

2.6. MOTOROLA hereby grants to SCILLC, for the life of the last to expire LICENSED MOTOROLA PATENT, a world wide, non-exclusive, non-transferable covenant not to assert LICENSED MOTOROLA PATENTS against SCILLC as a result of the purchase, importation, use, lease, resale, offer for sale, or other disposal of LICENSED PRODUCTS designed solely or jointly by or for a third party and manufactured by a third party. MOTOROLA hereby agrees to extend such covenant not to assert to Customers, distributors, and users of SCILLC that purchase, lease, or otherwise acquire such LICENSED PRODUCTS from SCILLC.

2.7. ********** ********** **********

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* Confidential Information omitted and filed separately with the Securities and Exchange Commission

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2.8. MOTOROLA hereby grants to SCILLC, for the life of the last to expire CIRCUIT PATENTS, a non-exclusive, world wide, non-transferable license under CIRCUIT PATENTS, without the right to sub-license, to have made LICENSED PRODUCTS designed solely or jointly by or for SCILLC and to import, use, lease, sell, offer for sale, or otherwise dispose of such LICENSED PRODUCTS. MOTOROLA hereby further grants to SCILLC, for the term of this license, a world wide, non-exclusive, nontransferable covenant not to assert LICENSED MOTOROLA PATENTS against SCILLC for having such LICENSED PRODUCTS made. MOTOROLA hereby agrees to extend such covenant not to assert to customers, distributors, and users that purchase or otherwise acquire such LICENSED PRODUCTS from SCILLC.

2.9. MOTOROLA agrees not to make any claim of infringement against the customers, distributors and users of LICENSED PRODUCTS, based upon any claim of any LICENSED MOTOROLA PATENT under which such LICENSED PRODUCTS are licensed hereunder, for the use of any LICENSED PRODUCTS which are made imported, sold, leased or otherwise disposed of by SCILLC or its SUBSIDIARIES.

2.10. MOTOROLA hereby grants to SCILLC, for the life of the last to expire NONASSERTED MOTOROLA PATENT, a world wide, non-exclusive, non-transferable covenant not to assert NON-ASSERTED MOTOROLA PATENTS against SCILLC to make, have made, use, lease, sell, offer for sale, import, design, assemble, have assembled, test, or otherwise dispose of SCG PRODUCTS. MOTOROLA agrees to extend such covenant not to assert to customers, distributors, and users that purchase any such SCG PRODUCT from SCILLC. This covenant not to assert does not extend to products other than SCG PRODUCTS.

2.11. SCILLC hereby grants to MOTOROLA a worldwide, paid-up, royalty free, non-exclusive license, without the right to sublicense after the CLOSING DATE, under ASSIGNED PATENTS AND LICENSED SCILLC PATENTS, for the life of the last to expire ASSIGNED PATENT or LICENSED SCILLC PATENT, to make, have made, use, lease, sell, offer for sale, import, design, assemble, have assembled, test, or otherwise dispose of LICENSED SPS PRODUCTS and to practice any process or method involved in the manufacture or use thereof, and to make, use and have made MANUFACTURING APPARATUS and to practice any process or method involved in the use thereof. SCILLC hereby further warrants to MOTOROLA, for the life of the last to expire ASSIGNED PATENT, a world wide, non-exclusive, non-transferable covenant not to

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* Confidential Information omitted and filed separately with the Securities and Exchange Commission

assert ASSIGNED PATENTS against MOTOROLA to make, have made, use, lease, sell, offer for sale, import, design, assemble, have assembled, test, or otherwise dispose of any comprehensive product or assembly which incorporates a product made on a SEMICONDUCTIVE MATERIAL and purchased from or made by a third party. This covenant not to assert does not extend to products made on a SEMICONDUCTIVE MATERIAL which are commercially sold to a third party by MOTOROLA that are not incorporated into a more comprehensive product or assembly. SCILLC agrees to extend such Covenant not to assert to Customers, distributors, and users that purchase or otherwise acquire such comprehensive product or assembly from MOTOROLA.

2.12. SCILLC agrees not to make any claim of infringement against the customers, distributors, and users of any LICENSED SPS PRODUCTS, based upon any claim of any ASSIGNED PATENT or LICENSED SCILLC PATENTS under which such products are licensed hereunder, for the use of any LICENSED SPS PRODUCTS which are made, imported, sold, leased or otherwise disposed of by MOTOROLA or its SUBSIDIARIES.

2.13. The licenses and covenants granted herein extend to each party's respective SUBSIDIARIES, so long as such party's SUBSIDIARIES agree to grant the same licenses and covenants granted in this Section 2 that SCILLC and MOTOROLA granted herein, respectively.

2.14. A covenant not to assert is not considered a license for the purposes of this Agreement.

2.15. The license and rights granted to SCILLC from MOTOROLA herein do not extend to Zilog or any other third party owned or controlled by the Texas Pacific Group.

SECTION 3

ASSIGNMENT AND LICENSE OF TRADEMARKS

3.1. MOTOROLA hereby assigns all its right, title, and interest, including the goodwill of the business associated with the ASSIGNED TRADEMARKS, in ASSIGNED TRADEMARKS to SCILLC. MOTOROLA shall provide all of its files for each trademark registration or registration application of those ASSIGNED TRADEMARKS designated as being registered or pending registration no later than ninety (90) days after the CLOSING DATE. Upon transfer of such files to the SCILLC, SCILLC assumes all responsibility for the prosecution and payment of fees associated therewith. SCILLC shall ensure that all documentation necessary to execute and record the transfer of ASSIGNED TRADEMARKS is prepared by SCILLC and presented to MOTOROLA for signature. MOTOROLA shall execute and deliver, or cause to be executed and delivered such documentation to SCILLC no later than ninety (90) days after presentation of such documentation to SCILLC.

3.2. MOTOROLA hereby grants to SCILLC a limited, worldwide, paid-up, royalty free, nontransferable, nonexclusive license, without the right to grant sublicenses, to

reproduce, copy, or use, for a period of one year after the CLOSING DATE, or to use up any inventory existing as of the CLOSING DATE, any LICENSED VISIBLE TRADEMARK on or in connection with the sale, offering for sale, distribution, or advertising of any LICENSED PRODUCT. This license is granted solely for a transition period to allow SCILLC to use up any inventory that bears any LICENSED VISIBLE TRADEMARK and to change tooling that places any LICENSED VISIBLE TRADEMARK on LICENSED PRODUCTS. SCILLC agrees to use its best efforts to cease such reproduction, copying, or use of LICENSED VISIBLE TRADEMARKS as soon as commercially reasonable; in any event, except as provided in Section 3.3, the license granted under this Section 3.2 shall extend no longer than one (1) year after the CLOSING DATE.

3.3. Notwithstanding Section 3.2, for any LICENSED PRODUCT that must be re-qualified when a LICENSED VISIBLE TRADEMARK on the LICENSED PRODUCT or its packaging is removed, SCILLC shall be permitted, for up to two (2) years after the CLOSING DATE, to reproduce, copy, or use LICENSED VISIBLE TRADEMARKS in a manner necessary for the continued sale and distribution of the LICENSED PRODUCT during such re-qualification.

3.4. After SCILLC ceases reproducing, copying, or using LICENSED VISIBLE TRADEMARKS pursuant to Sections 3.2 and 3.3, SCILLC may use up any inventory bearing such LICENSED VISIBLE TRADEMARKS, so long as the amount of such inventory is manufactured consistent with reasonable commercial practices.

3.5. MOTOROLA hereby grants to SCILLC a limited, worldwide, nonexclusive right, without the right to grant rights to third parties, to use the term "formerly a division of Motorola" (hereinafter "Transition Statement"), for a period of one (1) year after the CLOSING DATE with the stylized version of "Motorola" used by MOTOROLA and for a period of two (2) years after the CLOSING DATE without the stylized version of "Motorola", on or in connection with the sale, offering for sate, distribution, or advertising of any LICENSED PRODUCT. SCILLC shall submit to MOTOROLA the first use of each version of material containing the Transition Statement for approval by MOTOROLA. The use shall be deemed approved if MOTOROLA does not reject the submission within thirty (30) days of the date of the receipt of the submission by MOTOROLA. Except to the extent permitted in this Section 3.5, in no event will SCILLC have the right to use the Motorola logo, any stylized versions of the mark "Motorola" used by MOTOROLA, or other trademarks or tradenames owned by MOTOROLA with the Transition Statement. In no event shall SCILLC have the right to prepare and use new advertising, distribution materials, or business forms, in connection with the sale, offering for sale, distribution, or advertising of any product, which use the Motorola logo, a stylized version of the mark "Motorola" used by MOTOROLA (except as permitted above with the Transition Statement), or other trademarks or tradenames of Motorola. The preceding sentence does not modify the licenses granted in sections 3.3, 3.6, 3.13, and the right to mark products provided in section 3.2.

3.6. MOTOROLA hereby grants to SCILLC a limited, worldwide, paid-up, royalty free, nontransferable, nonexclusive license, without the right to grant sublicenses, to reproduce, copy, or use any LICENSED EMBEDDED TRADEMARK on or in connection with the sale, offering for sale, distribution, or advertising of any LICENSED PRODUCT. SCILLC agrees to use its best efforts to discontinue the use of any LICENSED EMBEDDED TRADEMARKS as soon as commercially reasonable. Notwithstanding the above, SCILLC agrees to remove the LICENSED EMBEDDED TRADEMARK upon the redesign of any LICENSED PRODUCT. This limited license shall terminate with the discontinuance or replacement of the items bearing such LICENSED EMBEDDED TRADEMARKS.

3.7. During the period of time that any LICENSED VISIBLE TRADEMARK or LICENSED EMBEDDED TRADEMARK is used by SCILLC, SCILLC shall manufacture LICENSED PRODUCT using standards of quality which are not changed in a substantial way from those used by Semiconductor Components Group prior to the CLOSING DATE.

3.8. So long as any LICENSED VISIBLE TRADEMARK or any LICENSE, EMBEDDED TRADEMARK is used by SCILLC, MOTOROLA shall have the right at reasonable times and on reasonable notice to conduct, during regular business hours, an examination of LICENSED PRODUCTS bearing the LICENSED VISIBLE TRADEMARK or LICENSED EMBEDDED TRADEMARK manufactured by SCILLC (including those in process, assembled or tested) at SCILLC or its SUBSIDIARIES' facilities to determine compliance of such LICENSED PRODUCTS with the applicable quality standards referred to in Section 3.7. If at any time such LICENSED PRODUCTS in the sole, reasonable opinion of MOTOROLA, fail to conform to the standards of quality in materials, design, workmanship, use, advertising, and promotion, MOTOROLA or its authorized representative shall so notify SCILLC. Upon such notification, SCILLC shall cease to use the LICENSED VISIBLE TRADEMARKS or the LICENSED EMBEDDED TRADEMARKS on such LICENSED PRODUCTS or else take such steps as are necessary promptly to restore the LICENSED PRODUCT to the required standard.

3.9. SCILLC shall not make any use of the LICENSED VISIBLE TRADEMARKS or LICENSED EMBEDDED TRADEMARKS in such a manner that would represent to the public that SCILLC, rather than MOTOROLA, is the owner of the such LICENSED VISIBLE TRADEMARKS or LICENSED EMBEDDED TRADEMARKS. SCILLC agrees that it shall not at any time adopt, use or apply for any registration of any trademark, service mark, copyright or other designation which is identical to or confusingly similar to LICENSED VISIBLE TRADEMARKS or LICENSED EMBEDDED TRADEMARKS or which could affect Motorola's ownership of such LICENSED VISIBLE TRADEMARKS or LICENSED EMBEDDED TRADEMARKS.

3.10. MOTOROLA hereby grants to SCILLC the right to use all part numbers, model numbers and the like in use by MOTOROLA to identify SCG PRODUCTS to customers as of the CLOSING DATE. SCILLC shall further have the right to additional part or model numbers to any series or numbering scheme in use as of the CLOSING DATE. Other

than as permitted in the other Sections of this Section 3, SCILLC will not use a part number, model number and the like that is a MOTOROLA owned trademark.

3.11. At the CLOSING DATE, and for a period of two (2) years thereafter, MOTOROLA shall display, on the home page of its MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR web site, a hypertext link to SCILLC's uniform resource locator (URL). The initial wording of such hypertext link shall be agreed upon between SCILLC end MOTOROLA prior to the CLOSING DATE. Thereafter, upon the approval of MOTOROLA, MOTOROLA shall reword the hypertext link as reasonably requested by SCILLC.

3.12. SCILLC hereby grants to MOTOROLA a limited, worldwide, paid-up royalty free, nontransferable, nonexclusive license, without the right to grant sublicenses, under any ASSIGNED TRADEMARKS, to use up any inventory of printed materials, including any data books, or to display and distribute electronic materials which contain information about MOTOROLA's products other than SCG PRODUCTS. MOTOROLA agrees to use its best efforts to discontinue the use of any ASSIGNED TRADEMARKS as soon as commercially reasonable. During the period of time that any ASSIGNED TRADEMARK is used by MOTOROLA, MOTOROLA shall maintain standards of quality as to goods and/or materials that bear the ASSIGNED TRADEMARKS that are not changed in substantial way from those used prior to the CLOSING DATE. SCILLC shall have the right, at reasonable times and on reasonable notice, to examine and insure the quality of goods and/or materials used or distributed by MOTOROLA that bear the ASSIGNED TRADEMARKS

3.13. At the CLOSING DATE and for a period of two (2) years thereafter, SCILLC, at the request of MOTOROLA, shall display, on the home page of its web site, a hypertext link to the URL of MOTOROLA's MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR. The initial wording of such hypertext link shall be agreed upon between SCILLC and MOTOROLA prior to the CLOSING DATE. Thereafter, upon the approval of SCILLC, SCILLC shall reword the hypertext link as reasonably requested by MOTOROLA.

3.14. MOTOROLA and SCILLC agree to negotiate, in good faith, the extension of the obligations set forth in Section 3.11 and 3.13 for another two (2) year period. The parties agree that the negotiations shall take into account the respective value of the link to each party.

3.15. The licenses and covenants granted herein extend to each party's respective SUBSIDIARIES, so long as such party's SUBSIDIARIES agree to grant the same licenses and covenants granted in this Section 3 that SCILLC and MOTOROLA granted herein, respectively.

SECTION 4

ASSIGNMENT OF MASK WORKS

4.1. MOTOROLA hereby assigns all its right, title, and interest, subject to any existing third party licenses before the CLOSING DATE, in ASSIGNED MASK WORKS to SCILLC. MOTOROLA shall provide all of its files of the registered ASSIGNED MASK WORKS to SCILLC no later than ninety (90) days after the CLOSING DATE. SCILLC shall ensure that all necessary documentation necessary to execute and record the transfer of ASSIGNED MASK WORKS is prepared by SCILLC and presented to MOTOROLA for signature. MOTOROLA shall execute and deliver, or cause to be executed and delivered such documentation to SCILLC, no later than ninety (90) days after presentation of such documentation to SCILLC.

4.2. This Agreement imposes no obligation on MOTOROLA to file any mask work registrations on any ASSIGNED MASK WORK which has been fixed by MOTOROLA and which statutory protection is still available.

SECTION 5

ASSIGNMENT AND LICENSE OF KNOW HOW

5.1. MOTOROLA hereby assigns all its right, title, and interest, subject to any existing third party licenses before the CLOSING DATE, in ASSIGNED KNOW HOW to SCILLC.

5.2. MOTOROLA hereby grants to SCILLC a perpetual, world wide, non-exclusive, license, without the right to sublicense (except and only to the extent necessary for SCILLC to fulfill its obligations assumed under the Technology License Contract originally between Motorola, Inc. and Leshan-Phoenix Semiconductor Company, Ltd), to LICENSED KNOW HOW to manufacture, have manufactured, use, lease, sell, offer for sale, import, design, assemble, have assembled, test, or otherwise dispose of LICENSED PRODUCTS.

5.3. MOTOROLA shall make available to SCILLC all ASSIGNED KNOW HOW and LICENSED KNOW HOW existing in tangible form no later than ninety (90) days after the CLOSING DATE. For that ASSIGNED KNOW HOW or LICENSED KNOW HOW which is not being utilized in Motorola Energy Systems, Inc. before the CLOSING DATE, any transition services and transfer thereof to SCILLC's facilities will be addressed in Collateral Agreements to be agreed upon between SCILLC and MOTOROLA.

5.4. MOTOROLA agrees to grant joint ownership rights, subject to any existing third party, licenses before such grant, in the MOSAIC 5 and MOSAIC 5e know how if and when the MOSAIC 5 and/or MOSAIC 5e process is transferred to SCILLC as set forth in the SCG Manufacturing Agreement. Upon such grant, SCILLC and MOTOROLA will retain an

undivided one-half interest in such MOSAIC 5 and MOSAIC Se know how, without accounting to the other. The parties agree that prior to the granting of the rights herein, it likely will be necessary to provide certain know how to SCILLC for SCILLC to install the MOSAIC 5 and/or MOSAIC 5e process in its own facilities. SCILLC and MOTOROLA will agree on a transfer schedule of the MOSAIC 5 and/or MOSAIC 5e know how to SClLLC in advance of the transfer of such know how in a manner that facilitates the orderly transfer of such know how to SCILLC's facilities.

5.5. MOTOROLA hereby assigns to SCILLC all its right, title, and interest, subject to any existing third party licenses before the CLOSING DATE, in Standard Linear know how used solely by the Semiconductor Components Group before the CLOSING DATE and such Standard Linear know how shall be considered as ASSIGNED KNOW HOW. MOTOROLA hereby grants to SCILLC joint ownership rights, subject to any existing third party licenses before such grant, in the Standard Linear know how used by both the Semiconductor Components Group and other business units of MOTOROLA's SEMICONDUCTOR PRODUCTS SECTOR and SCILLC and MOTOROLA will retain an undivided one-half interest in such Standard Linear know how, without accounting to the other.

5.6. SCILLC hereby grants to MOTOROLA a perpetual, world wide, non-exclusive, paid-up license, without the right to sublicense, to use ASSIGNED KNOW HOW to make. have made, use, lease, sell, offer for sale, import, design, assemble, have assembled, test, or otherwise dispose of any LICENSED SPS PRODUCT.

5.7. The licenses and covenants granted herein extend to each party's respective SUBSIDIARIES, so long as such party's SUBSIDIARIES agree to grant the same licenses and covenants granted in this Section 5 that SCILLC and MOTOROLA granted herein, respectively.

SECTION 6

ASSIGNMENT AND LICENSE IN COPYRIGHTABLE MATERIALS

6.1. MOTOROLA hereby assigns all copyrights, right, title, and interest in ASSIGNED COPYRIGHTABLE MATERIALS to SCILLC.

6.2. MOTOROLA hereby grants to SCILLC a perpetual, worldwide, nonexclusive, license to use, reproduce, prepare derivative works of, or distribute LICENSED COPYRIGHTABLE MATERIALS in conjunction with the marketing or sale of LICENSED PRODUCTS, provided all trademarks and tradenames of MOTOROLA shall be removed from any LICENSED COPYRIGHTABLE MATERIALS before any distribution thereof. Notwithstanding the above language of this Section 6. 2, the use of LICENSED VISIBLE TRADEMARKS and LICENSED EMBEDDED TRADEMARKS shall be governed by Section 3 of the Agreement.

6.2.1. In the event that SCILLC requires additional rights in order to institute a lawsuit for copyright infringement against a third party relating to the infringement of LICENSED COPYRIGHTABLE MATERIALS, MOTOROLA agrees to cooperate with SCILLC to provide SCILLC with additional rights sufficient to permit SCILLC to Institute an action for infringement. Such additional rights shall be provided without additional charge to SCILLC and SCILLC will reimburse MOTOROLA for any reasonable expenses incurred to provide to such additional rights.

6.3. SCILLC hereby grants to MOTOROLA a worldwide, paid-up, royalty free, non-exclusive license under ASSIGNED COPYRIGHTABLE MATERIALS to use, reproduce, prepare derivative works of; or distribute ASSIGNED COPYRIGHTABLE MATERIALS in conjunction with the marketing or sale of LICENSED SPS PRODUCTS, provided all ASSIGNED TRADEMARKS shall be removed from any ASSIGNED COPYRIGHTABLE MATERIALS used by MOTOROLA before the distribution thereof. Notwithstanding the above language of this Section 6.3, the use of ASSIGNED TRADEMARKS by MOTOROLA shall be governed by Section 3 of the Agreement.

6.4. The licenses and covenants granted herein extend to each party's respective SUBSIDIARIES. so long as such party's SUBSIDIARIES agree to grant the same licenses and covenants granted in this Section 6 that SCILLC and MOTOROLA granted herein, respectively.

SECTION 7

LICENSE OF SOFTWARE

7.1. MOTOROLA hereby grants to SCILLC a perpetual, worldwide, nonexclusive license in LICENSED SOFTWARE to use, reproduce. or prepare derivative works of LICENSED SOFTWARE and to otherwise utilize LICENSED SOFTWARE in the manufacture, sale, or design of semiconductor products. MOTOROLA hereby grants to SCILLC a perpetual, worldwide, nonexclusive license in LICENSED SOFTWARE to distribute or sublicense LICENSED SOFTWARE that was historically distributed, embedded, or sublicensed to customers or suppliers in conjunction with the manufacture, sale, or design of any SCG PRODUCT by MOTOROLA

7.2. LICENSED SOFTWARE is provided "AS IS." The licenses granted in this Section 7 impose no obligation on MOTOROLA to maintain LICENSED SOFTWARE for SCILLC. However, for a period of two (2) years, to the extent any updates are made to LICENSED SOFTWARE to fix errors in LICENSED SOFTWARE, MOTOROLA will license and provide copies of such updates to SCILLC upon SCILLC's written request and at SCILLC's expense.

7.3. The licenses granted herein extend to SCILLC's SUBSIDIARIES.

SECTION 8

INDEMNIFICATION, LITIGATION, AND ASSISTANCE

8.1. MOTOROLA shall have all control over and obligations and liability, to the extent limited herein. for the litigation styled POWER INTEGRATIONS, INC. V. MOTOROLA, INC., No. CA 98-490, presently pending in the United States District Court for the District of Delaware, and will indemnify SCILLC as set forth herein as to such litigation and any subsequent litigation led against SCILLC by Power Integrations to the extent that such subsequent litigation claims infringement of the same patents and the same products (but not any products redesigned after the CLOSING DATE) as the Power Integrations, Inc. Motorola, Inc. litigation (hereinafter "PI Litigation"). SCILLC will provide such reasonable assistance as may be requested by MOTOROLA during the further conduct of the PI Litigation, at MOTOROLA's expense. SCILLC shall have the right to participate in the litigation, with its own counsel, at its own expense. Notwithstanding the above language, MOTOROLA shall retain all control over and ability to settle such PI Litigation at any time during such PI Litigation, even if SCILLC is subsequently named as a party to such PI Litigation. MOTOROLA will communicate any settlement offer to SCILLC prior to presenting to Power Integrations and will promptly communicate to SCILLC any settlement offers presented to MOTOROLA by Power Integrations. With respect to any product(s) enjoined by such PI Litigation, MOTOROLA will pay for lost profits, reasonably shown and extrapolated by orders placed and accepted by SCILLC, up to five years after such injunction and for the direct costs of redesigning the product(s) enjoined to be non-infringing. MOTOROLA shall not be further liable for any liability arising after such redesign. MOTOROLA's total, cumulative obligation to indemnify, as set forth in this Section 8.1, shall not exceed the amount of five (5) million dollars $US, such amount to include any and all costs and fees, including attorneys fees and costs incurred or paid by or for MOTOROLA after the CLOSING DATE, lost profits of SCILLC as set forth above (and only for this Section 8.1), and damages, settlement amounts, and royalties paid by or for MOTOROLA. The indemnification provided under this Section 8.1 shall not apply to the Indemnity Cap set forth in Section 8.4.

8.2. As of the CLOSING DATE, the licenses and other items listed in Exhibit 8.2 shall be assigned to SCILLC. SCILLC shall assist MOTOROLA in obtaining any third-party consents necessary to effectuate the transfer of the licenses in Exhibit 8.2 to SCILLC. If any such license is not assigned to SCILLC, MOTOROLA's total liability shall be covered under Section 8.3 and its subsections. With respect to the pending agreements, MOTOROLA makes no representation that the agreements will be executed as of the CLOSING DATE. In the event that MOTOROLA's legal department is informed of, subsequent to the CLOSING DATE, a THIRD PARTY SCG CONTRIBUTION, MOTOROLA assigns and agrees to assign such THIRD PARTY SCG CONTRIBUTION to SCILLC.

8.3. MOTOROLA shall indemnify and hold SCILLC harmless from any and all of SCILLC's damages arising out of any and all third party claims or suits asserting that an act

committed by MOTOROLA prior to the CLOSING DATE infringes any patent, copyright, trademark, or trade secret rights of a third party.

8.4. MOTOROLA agrees to indemnify and hold SCILLC, its SUBSIDIARIES and its and their respective officers, directors, employees, and agents harmless, to the extent limited in this Section 8.4 and its subsections 8.4.1, 8.4.2, and 8.4.3, from damages arising out of all claims or suits by a third party patent licensor of MOTOROLA********** ********** that the INDEMNIFIED PRODUCT, to the extent so made infringes any patent that would have been covered by any such third party patent license in existence as of the CLOSING DATE between MOTOROLA and such third party if said patent license had been extended or assigned to SCILLC or its SUBSIDIARIES. This indemnity shall not apply to any products sold by SCILLC or its SUBSIDIARIES that are not INDEMNIFIED PRODUCTS.

8.4.1. MOTOROLA's total, cumulative obligation to indemnify as set forth above, shall not exceed the amount********** ********** (hereinafter, the "Indemnity Cap"), such amount to include any and all costs and fees, including attorneys fees and costs incurred or paid by or for MOTOROLA, lost profits of SCILLC and its SUBSIDIARIES (and only for this Section 8.4), and damage or royalties paid by or for MOTOROLA. The indemnification obligation for claims made by a third party patent licensor of MOTOROLA hereunder shall extend for ********** ********** ********** (hereinafter the "Indemnification Period"). MOTOROLA's indemnification obligation will terminate after the Indemnification Period even if a claim arises during or before the Indemnification Period, where no notice is provided to MOTOROLA of such claim within five (5) years after the CLOSING DATE. If MOTOROLA is provided with notice of a claim covered hereunder, which arose during the applicable Indemnification Period, within five (5) years after the CLOSING DATE, MOTOROLA shall retain the obligations to indemnify as set forth herein for such claim subject to the Indemnity Cap and only for the Indemnification Period. In the event that a claim covered hereunder results in the filing of a lawsuit by a third party patent licensor asserting patent infringement against SCILLC within the Indemnification Period and outside the Indemnification Period, SCILLC and MOTOROLA agree that the costs arising out of such lawsuit will be apportioned accordingly. In no event will the preceding sentence be interpreted to expand MOTOROLA's indemnification obligation set forth in this entire Section 8.4.

8.4.2. MOTOROLA shall not be obligated to provide any indemnification under Section 8.4 and its subsections for claims arising from a third party if SCILLC or its SUBSIDIARIES initiates, solicits, or asserts a claim or offer for license, directly or indirectly, under any intellectual property against such third party and such third party asserts a claim of infringement against SCILLC or its SUBSIDIARIES after receiving such claim from SCILLC or its SUBSIDIARIES. In any event, MOTOROLA shall have no obligation whatsoever for any claims brought by any

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* Confidential Information omitted and filed separately with the Securities and Exchange Commission

party which was not a third party licensor to MOTOROLA under a valid licensing agreement at the time as of the CLOSING DATE.

8.4.3. As a precondition to any such obligation to indemnify, SCILLC or its SUBSIDIARIES shall provide MOTOROLA prompt written notice of a claim giving rise to an indemnity obligation under these Sections 8.3 and 8.4 upon receipt or notification by SCILLC of any such claim, and at MOTOROLA's request, MOTOROLA shall be given control of said claim. MOTOROLA shall have the right, but not the obligation, to defend against any such claim of infringement. SCILLC and its SUBSIDIARIES shall provide all reasonable information and assistance to settle such claims. MOTOROLA shall communicate any settlement proposals to SCILLC prior to communicating them to a claimant. If commercially reasonable, SCILLC and its SUBSIDIARIES will redesign any infringing products in order to settle a claim. In order to settle a claim, SCILLC and its SUBSIDIARIES hereby agree to grant patent licenses under patents owned or controlled by SCILLC and its SUBSIDIARIES, so long as SCILLC and its SUBSIDIARIES receive a reciprocal license under the third party's patents.

8.5. Notwithstanding any other provision of this Section 8, SCILLC may, in its sole discretion, elect to defend any claim of infringement itself and not seek indemnification from MOTOROLA under this Section 8. If SCILLC makes such an election, it shall have no obligation to disclose the existence of any such claim to MOTOROLA, and MOTOROLA shall have no obligation to defend or to indemnify SCILLC or its SUBSIDIARIES as to such claim.

8.6. MOTOROLA shall have all control over and obligations and liability for the litigation ********** ********** ********** and will indemnify SCILLC as to such litigation for a claim related to any equipment owned by MOTOROLA as of the CLOSING DATE if SCILLC is named as a party to such litigation. SCILLC will provide such reasonable assistance as may be requested by MOTOROLA during the further conduct of such litigation, at MOTOROLA's expense.

8.7. THIS SECTION 8 STATES THE ENTIRE LIABILITY OR INDEMNITY OBLIGATION OF MOTOROLA WITH RESPECT TO CLAIMS BY A THIRD PARTY REGARDING INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT.

SECTION 9

CONFIDENTIALITY

9.1. For a period of five (5) years from the date of receipt of the CONFIDENTIAL INFORMATION and ten (10) years from the CLOSING DATE for the RESTRICTED

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* Confidential Information omitted and filed separately with the Securities and Exchange Commission

PROCESS MODULES, each party agrees to use the same care and discretion, but at least reasonable care and discretion, to avoid disclosure, publication, or dissemination of CONFIDENTIAL INFORMATION of the other party as that party employs with similar information of its own which it does not desire to publish, disclose, or disseminate, unless it is in connection with its business and provided that the third party executes a confidentiality agreement having substantially the same obligations as these confidentiality provisions.

9.2. Disclosure of CONFIDENTIAL INFORMATION shall not be precluded if such disclosure is in response to a valid order of a court thereof; provided, however, that the disclosing party shall first have made a good faith effort to obtain a protective order requiring that the information and/or documents so disclosed be used only for the purpose for which the order was issues; or otherwise required by law.

9.3. This Agreement imposes no obligation on either party with respect to CONFIDENTIAL INFORMATION disclosed under this Agreement which (1) is available or becomes available to the public without breach of this Agreement, (2) is explicitly approved for release by written authorization of the other party, (3) is lawfully obtained from a third party or parties without a duty of confidentiality, (4) is disclosed to a third party by the owner of such CONFIDENTIAL INFORMATION without a duty of confidentiality. (5) is known to the receiving party prior to such disclosure, or (6) is at any time developed independently of any such disclosure(s) of CONFIDENTIAL INFORMATION to the receiving party.

SECTION 10

COMPENSATION

10.1. The licenses granted and the assignments made to SCILLC in this Agreement shall be without compensation from SCILLC to MOTOROLA, and shall be treated as a contribution by MOTOROLA to the capital of SCG Holding for all tax purposes.

10.2. The licenses granted to MOTOROLA in this Agreement shall be without further compensation from MOTOROLA to SCILLC.

SECTION 11

REPRESENTATIONS, WARRANTIES AND DISCLAIMERS

11.1. MOTOROLA hereby represents and warrants that it has the right to grant to the SCILLC the licenses and assignments granted herein.

11.2. The registered ASSIGNED TRADEMARKS set forth in Exhibit 1.5 are free and clear of all liens, encumbrances, and adverse claims of title.

11.3. The ASSIGNED PATENTS set forth in Exhibit 1.4 are free and clear of all liens, encumbrances, and adverse claims of title.

11.4. EACH PARTY HEREBY DISCLAIMS MAKING ANY REPRESENTATIONS OR WARRANTIES RELATING TO THE SUBJECT MATTER HEREOF, WHETHER ARISING BY IMPLICATION, ESTOPPEL OR OTHERWISE, OTHER THAN THOSE SET FORTH IN THIS AGREEMENT.

11.5. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM THE OTHER PARTY'S PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT, OR THE FURNISHING, PERFORMANCE, OR USE OF ANY INTELLECTUAL PROPERTY, GOODS OR SERVICES SOLD PURSUANT HERETO, WHETHER DUE TO BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE OR OTHERWISE, REGARDLESS OF WHETHER THE NONPERFORMING PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR NOT.

11.6. Nothing contained in this agreement shall be construed as:

11.6.1. a warranty or representation by MOTOROLA as to the validity and or scope of the INTELLECTUAL PROPERTY;

11.6.2. conferring any license or any other right, by implication, estoppel, or otherwise, under any patent application, patent or patent right, or other intellectual property, except as herein expressly granted;

11.6.3. imposing on MOTOROLA any obligation to institute any suit or action for infringement of any of the INTELLECTUAL PROPERTY, or to defend any Suit or action brought by a third party which challenges or concerns the validity of any other INTELLECTUAL PROPERTY, except as expressly provided herein;

11.6.4. a warranty or representation by MOTOROLA that any manufacture, use, sale, importation, lease or any other disposition of LICENSED PRODUCTS or the use of any INTELLECTUAL PROPERTY will be free from infringement of any patent or other intellectual property; or

11.6.5. imposing on MOTOROLA any obligation to file any patent application or secure any patent or maintain any patent in force or file any registration for trademarks, mask works, or copyrights.

SECTION 12

MISCELLANEOUS PROVISIONS

12.1. The rights or privileges provided for in this Agreement may be assigned or transferred by either party only with the prior written consent of the other party and with the authorization or approval of any governmental authority as then may be required, except to a successor in ownership of all or substantially all of the assets of the SCILLC or MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR or for the account of the

lenders providing bank financing solely and specifically for the purpose of securing such bank financing for the sale of the SCG Business by MOTOROLA, but such successor, before such assignment or transfer is effective, shall expressly assume in writing to the other party the performance of all of the terms and conditions of the assigning party. The licenses and rights granted hereunder shall not extend to a divested business of either party, except that a divested business of MOTOROLA or the MOTOROLA SEMICONDUCTOR PRODUCTS SECTOR shall receive licenses and covenants granted in Section 2.7, with respect to ASSIGNED PATENTS only. Notwithstanding the above, the ASSIGNED PATENTS may be transferred, subject to the licenses and covenants granted herein to MOTOROLA, to a wholly owned subsidiary of SCILLC, provided that thc wholly owned subsidiary is not Zilog or another acquired third party owned or controlled by the Texas Pacific Group.

12.2. This Agreement and the performance of the parties hereunder shall be construed in accordance with and governed by the laws as set forth in the Reorganization Agreement.

12.3. This Agreement is the result of negotiation between the parties, which parties acknowledge that they have been represented by counsel during such negotiations; accordingly, this Agreement shall not be construed for or against either party regardless of which party drafted this Agreement or any portion thereof.

12.4. This Agreement sets forth the entire Agreement and understanding between the parties as to the subject matter hereof and merges all prior discussions between them, and neither of the parties shall be bound by any conditions, definitions, warranties, understandings or representations with respect to such subject matter other than as expressly provided herein, in the Reorganization Agreement, or as duly set forth on or subsequent to the date hereof in writing and signed by a proper and duly authorized office or representative of the party to be bound thereby.

12.5. The parties shall have the right to disclose the existence of this Agreement. This Agreement shall be considered confidential.

12.6. All notices required or permitted to be given hereunder shall be in writing and shall be valid and sufficient if dispatched by registered airmail, postage prepaid, in any post office in the United States, addressed as follows:

12.6.1. If to MOTOROLA:

Motorola, Inc
1303 East Algonquin Road
Schaumburg, Illinois 60196

Attention: Vice President for
Patents, Trademarks
& Licensing
Facsimile (847) 576-3750

With a copy to:

Motorola, Inc.
6501 William Cannon Drive West
Mail Drop TX30/OE9
Austin, TX 78735-8598

Attention: President,
Semiconductor
Products Sector

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate.

MOTOROLA, INC.

By: /s/ Carl F. Koenemann

Name: Carl F. Koenemann

Title: Executive Vice President and
Chief Financial Officer

SEMICONDUCTOR COMPONENTS
INDUSTRIES, LLC

By: SCG Holding Corporation,
its sole member

By: /s/ Theodore W. Schaffner

Name: Theodore W. Schaffner

Title: Vice-President

EXHIBIT 1.2

ASSIGNED KNOW HOW

[2 pages Redacted]

[Confidential Information omitted and Filed separately with the Securities and Exchange Commission.]

EXHIBIT 1.3

ASSIGNED MASK WORKS

[1 page redacted]

[Confidential Information omitted and filed separately with the Securities and Exchange Commission.]

EXHIBIT 1.4

ASSIGNED PATENTS

[11 Pages redacted]

[Confidential Information omitted and filed separately with the Securities and Exchange Commission]

EXHIBIT 1.5

ASSIGNED TRADEMARKS

TRADEMARK	COUNTRIES	STATUS
ALExIS	USA	Common Law
Bullet-Proof	USA	Common Law
	JAPA	Registered
CHIPSCRETES	USA	Common Law
Designer's	USA	Common Law
DUOWATT	USA	Common Law
E-FET	USA	Common Law
EASY SWITCHER	USA	Common Law
ECL300	USA	Common Law
ECLinPS	USA	Common Law
ECLinPS/ELITE	USA	Common Law
EpiBase	USA	Common Law
	JAPA	Registered
Epicap	USA	Common Law
ESD...SURGE PROTECTION	USA	Common Law
EZFET	USA	Common Law
FULLPAK	USA	Common Law
GEMFET	USA	Common Law
	JAPA	Registered
HDTMOS	USA	Registered

	JAPA	Registered
HVTMOS	JAPA	Registered
ICePAK	USA	Common Law
	JAPA	Registered
L2TMOS	USA	Common Law
MCCS	USA	Common Law
MDTL	USA	Common Law
MECL	USA	Common Law
MEGAHERTZ	USA	Common Law
MHTL	USA	Common Law
MiniMOS	USA	Common Law
MiniMOSORB	USA	Common Law
Mosorb	USA	Common Law
MRTL	USA	Common Law
MTTL	USA	Common Law
Multi-Pak	USA	Common Law
PowerBase	USA	Common Law
PowerLux	USA	Abandoned 1998
POWERTAP	USA	Common Law
Quake	USA	Common Law
Rail-To-Rail	USA	Abandoned
SCANSWITCH	USA	Common Law

	JAPA	Registered
SENSEFET	USA	Common Law
	JAPA	Registered
SLEEPMODE	USA	Common Law
SMALLBLOCK	USA	Common Law
	JAPA	Registered
SMARTDISCRETES	USA	Common Law
SMARTswitch	USA	Common Law
SUPERBRIDGES	USA	Common Law
SuperLock	USA	Common Law
Surmetic	USA	Common Law
	FRAN	Registered
	JAPA	Registered
SWITCHMODE	USA	Common Law
	JAPA	Registered
Thermopad	USA	Common Law
Thermowatt	USA	Common Law
TMOS	USA	Registered
	BENE	Registered
	FINL	Registered
	FRAN	Registered
	GBRI	Registered

	GERW	Registered
	ITAL	Registered
	JAPA	Registered
	NORW	Registered
TMOS & Design Device	USA	Registered
	ITAL	Registered
TMOS Stylized	BENE	Registered
	FINL	Registered
	FRAN	Registered
	GBRI	Registered
	GERW	Registered
	NORW	Registered
Unibloc	USA	Common Law
UNIT/pak	USA	Common Law
Uniwatt	USA	Common Law
	JAPA	Registered
WaveFET	USA	Common Law
	JAPA	Registered
Z-Switch	USA	Common Law
ZIP R TRIM	USA	Common Law

EXHIBIT 1.27

RESTRICTED PROCESS MODULES

[1 page redacted]

[Confidential Information omitted and filed separately with the Securities and Exchange Commission.]

EXHIBIT 8.2

THIRD PARTY	TITLE OF AGREEMENT OR ITEM	EFFECTIVE DATE
Microsemi	Motorola--Microsemi Technology Agreement	26 February 1996
Stanford University	Nonexclusive Patent Agreement	9 May 1997
Vitelic (H.K.) Limited	Technology Transfer and Contract Products Supply Agreement	29 May 1996
Newport	Technology Transfer and Foundry Services Agreement	Pending
Arizona State University	Sponsored Research Agreement on Leading Indicators for Motorola Product Lines	6 May 1998
Raychem	Joint Development Agreement	30 April 1997
Philips	Letter dated 7 September 1993	
Lansdale	Manufacturing Services	Pending

EXHIBIT 10.6

EXECUTION COPY

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT (this "Agreement") is dated as of July 31, 1999, by and between Motorola, Inc., a Delaware corporation ("Motorola") and Semiconductor Components Industries, LLC, a Delaware limited liability company ("SCI").

W I T N E S S E T H:

WHEREAS, SCI and Motorola (each in its capacity as a party receiving services pursuant hereto, a "Receiving Party" and in its capacity as a provider of services pursuant hereto, a "Providing Party") desire to arrange for their provision to each other of certain transition services with respect to SCI's operation of its semiconductor manufacturing business (the "SCI Business") and Motorola's operation of its other businesses (the "Motorola Business"), as more filly set forth herein (each of the SCI Business and the Motorola Business being referred to herein as a "Business");

NOW, THEREFORE, in consideration of the premises and covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Motorola and SCI agree as follows:

1. Transition Services.

(a) During the term of this Agreement as set forth in Section 5 below (the "Transition Period"), but subject to earlier termination of this Agreement or any Service, as provided below, and in each case subject to the provisions set forth in this Agreement, Motorola shall provide, or cause its Affiliates (as defined below) to provide, to SCI the services set forth in Annex A (the "Motorola HR Services"), Annex B (the "Motorola IT Services"), Annex C (the "Motorola Logistics Services"), Annex D (the "Motorola Finance Services"), and Annex E (the "Motorola Supply Management Services") attached hereto and any schedules attached thereto (collectively, the "Motorola Service Schedules") (the Motorola HR Services, Motorola IT Services, Motorola Logistics Services, Motorola Finance Services and Motorola Supply Management Services being referred to herein as the "Motorola Services"). The Motorola Services are referred to herein as the "Services" and the Motorola Service Schedules are referred to herein as the "Service Schedules." Except as otherwise expressly provided in the relevant Service Schedule, and subject to the limitations of Sections 15, 16 and 17 below, each Service by the Providing Party as to such Service shall be provided in the manner and at a relative level of service consistent in all material respects with the Providing Party's normal and past practices. In the event of conflict between the terms of this Agreement and the terms of any Service Schedule, the terms of the Service Schedule shall control as to Services covered by that Service Schedule, other than with respect to Sections 15, 16, 17 and 18 hereof, which Sections shall govern in the event of a conflict between the terms of this Agreement and the terms of any Service Schedule.

(b) Except as otherwise expressly provided in the Service Schedule for the particular type of Service, the quantity of each type of Service to be provided by the Providing Party as to such Service shall be that which the Receiving Party as to such Service may

reasonably require for the operation of its Business in the ordinary course consistent with the operation of such Business prior to the closing (the "Closing") of the transaction contemplated by the Agreement and Plan of Recapitalization and Merger dated as of May 11, 1999 by and among Motorola, SCI and TPG Semi-Conductor Holdings Corp. ("TPG") (the "Recap Agreement").

(c) The fees payable by the Receiving Party for Services shall be as determined in the manner set forth in the Service Schedules.

(d) Each type of Service shall be provided for the period set forth in the Service Schedule for such Service, subject to early termination in accordance with the terms hereof.

(e) Notwithstanding the terms of this Agreement, each Receiving Party as to a Service acknowledges and agrees that such Receiving Party retains responsibility for the management and operation of all aspects of its respective Business, that the role of the Providing Party as to such Service is that of a service provider and that the Providing Party does not assume any general management or operation responsibility for any aspect of the Business of the Receiving Party.

(f) Motorola shall pay for all reasonable recruiting, hiring and training costs to fulfill the staffing needs of SCI as set forth in the respective Service Schedules.

(g) The parties agree that it is their intent that fees, costs or expenses for the Services and the definitive agreements to be entered into by the parties for Equipment Lease and Repurchase, Equipment Passdown, SCI Master Lease Agreement, Motorola Master Lease Agreement, SCI Foundry Agreement, Motorola Foundry Agreement, SCI Assembly Agreement and Motorola Assembly Agreement (the "Collateral Agreements") should not be redundant or duplicative in any respect. The parties shall work together in good faith to avoid and eliminate any such redundancies or duplications.

(h) "Additional Services" means services other than those covered by any of the Service Schedules or Collateral Agreements (or of the same general type as Services covered by a Service Schedule, it being the intent of the parties not to include within the term "Additional Services" any services which they have both contemplated and excluded from the coverage of the Service Schedules or Collateral Agreements) and shall include any other services that were provided by one party to the other prior to the Closing either by such entity or under a third party arrangement. If a party reasonably determines prior to the second anniversary of the date hereof that it needs Additional Services from the other, then the parties shall endeavor in good faith to agree upon a mutually satisfactory Service Schedule to be attached to and made a part hereof providing for the manner in which such Additional Services are to be provided. The costs for Additional Services shall be billed at the 1999 budgeted costs for such services or if costs for such services are not specifically identifiable in the 1999 budget, at the historical allocation method utilized by the parties. Reasonable out-of-pocket expenses shall be reimbursable as provided in Section 2 below. In no event shall Motorola provide legal services.

(i) As used in this Agreement, the term "Affiliates" shall mean in respect of a party hereto, an entity controlling, controlled by or under common control with such party.

(j) As used in this Agreement, "Reasonable Efforts" means the obligated party is required to make a diligent, reasonable and good faith effort to accomplish the applicable objective. Such obligation, however, does not require that the obligated party act in a manner which would otherwise be contrary to prudent business judgment in light of the objective attempted to be achieved. The fact that the objective is not actually accomplished is not dispositive evidence that the obligated party did not in fact utilize its Reasonable Efforts in attempting to accomplish the objective.

2. Billing and Payment.

(a) The Receiving Party as to each Service shall pay any bills and invoices that it receives from the Providing Party as to such Service or its Affiliates in respect of such Service not later than thirty (30) days following receipt by the Receiving Party of the Providing Party's bill or invoice for Services provided or expenses incurred. Such charges shall be billed promptly after the end of each fiscal month during the Transition Period, unless otherwise provided in a Service Schedule for Services covered by such Service Schedule. Each invoice from a Providing Party shall be accompanied by information which shall be reasonably sufficient to identify the Service to which the invoice pertains and shall reasonably detail the charges contained therein. If the fee for a particular Service is stated in the relevant Service Schedule as an annual fee, then the Providing Party shall invoice the Receiving Party for such fee in twelve equal monthly installments. To the extent that a fee is increased or reduced as provided herein or in the relevant Service Schedule, such increase or decrease shall be prospective only and, in the case of any fee stated in the relevant Schedule as an annual fee, shall be applied for invoices for the remainder of a year proportionally to the period of time remaining in such year. Unless otherwise specified in the relevant Service Schedule or mutually agreed between the parties, all payments shall be made by check. Such billing statements may be issued by any number of offices of the Providing Party and may require payment in the local currency of the place from which the Providing Party provided Services or at which the Providing Party incurred expenses in connection with its provision of Services. If no other currency is specified, the payment shall be made in United States dollars.

(b) The Receiving Party shall reimburse the Providing Party for any reasonable out-of-pocket expenses incurred by Providing Party in the course of providing Services. In general, the Providing Party in respect of a Service shall bill expenses as provided above, but, except as otherwise provided in a Service Schedule, if the Providing Party incurs an expense in excess of $50,000 (or its equivalent in other currency) or pays an expense or obligation of the Receiving Party in connection with the provision of Services, then the Receiving Party shall on written demand reimburse the Providing Party by wire transfer of immediately available funds in the currency in which the Providing Party made payment or incurred the expense.

(c) In the event the Receiving Party disputes the amount of any invoice from the Providing Party, the Receiving Party shall nevertheless pay whatever portion is undisputed at the time when payment is due pursuant to the terms of this Agreement. Notwithstanding the

foregoing, the Receiving Party's disputing an invoice shall not excuse the Receiving Party from paying such invoice in full when due pursuant to this Agreement except to the extent that the invoice is actually incorrect.

(d) From time to time on written request by the Receiving Party in respect of a Service or its designee, the Providing Party in respect of such Service shall provide to the Receiving Party or its designee such information in the Providing Party's possession with respect to invoices pertaining to such Service as the Receiving Party or its designee may reasonably request for the purpose of supporting the fees represented by such invoice and shall make its personnel available to answer such questions as the Receiving Party or its designee may reasonably ask for such purpose. In responding to such requests or inquiries, the Providing Party shall not be required to disrupt its business activities and functions. Each designee of the Receiving Party shall be required to enter into a written confidentiality undertaking with the Providing Party.

3. Efforts to End Services; Early Issue Review.

(a) Except as otherwise provided in the Service Schedules, the Receiving Party as to each Service shall use its Reasonable Efforts to end its need to use such Service as promptly as reasonably possible and (unless the parties otherwise agree) in all events to end such need with respect to each Service not later than the end of the time period specified in the relevant Service Schedule during which the Providing Party as to such Service shall be obligated to provide such Service.

(b) In furtherance of the foregoing and for the purpose of providing a forum for early review by the parties of any issues that may arise in their relationship under this Agreement, the parties agree to cause three representatives representative of Motorola, two representatives of SCI and one representative of TPG to meet regularly in good faith to review, discuss and formulate appropriate recommendations as to any issues brought to their attention in the relationship of the parties hereunder.

4. Validity of Documents. The parties hereto shall be entitled to rely upon the genuineness, validity or truthfulness of any document, instrument or other writing presented in connection with this Agreement unless such document, instrument or other writing appears on its face to be fraudulent, false or forged.

5. Term of Agreement. Subject to Section 6 and the Service Schedules, the term of this Agreement shall commence on the date hereof and shall continue with respect to each Service described in the Service Schedules hereto for the term of the Service period with respect to such Service set forth therein. Sections 9, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24 and 25 hereof, and all rights of a party hereunder accruing prior to the date of termination of this Agreement, shall survive any termination of this Agreement.

6. Subcontracting; Outsourcing.

(a) Subcontracting. Subject to the provisions of the Service Schedules, the Providing Party as to a Service may procure the Service from a third party service provider in lieu of providing such Service through its own personnel and may charge for such Service to the

Receiving Party as an expense as provided in Section 2 above, except that the Providing Party may not charge more for any Service provided by a third party than the fee specified in the relevant Service Schedule for such Service. Notwithstanding the exception noted in the preceding sentence, the Providing Party shall be entitled to reimbursement of all reasonable out-of-pocket expenses paid by third party providers of Services if such Services were provided by a third party service provider to Providing Party or Receiving Party prior to the date of the Recap Agreement. A Providing Party's so procuring a Service shall not cause material disruption to the Receiving Party's business, and the Receiving Party shall use Reasonable Efforts to accommodate the Providing Party's procurement arrangements. The Providing Party shall in any event be responsible for transitioning the Service to the third party service provider and for managing the relationship with the third party service provider. Any decision by the Providing Party to obtain a Service from a third party shall not impact the Receiving Party's rights to terminate the Services as provided in the Service Schedules. This clause (a) shall not apply to situations covered by clause (b) immediately following.

(b) Outsourcing. Subject to the provisions of the Service Schedules, the Providing Party as to a Service may require the Receiving Party as to such Service to procure the Service from a third party service provider in lieu of from the Providing Party, provided, that during the remaining portion of the Transition Period associated with the Service from such third party provider and subject to the billing and payment procedures in Section 2 above, the Receiving Party shall bill the Providing Party to the extent that its total costs, fees and expenses for the Service from such third party provider exceed the amounts the Receiving Party would have paid for such Service under the applicable Service Schedule. On request, the Providing Party shall provide reasonable assistance to the Receiving Party in identifying and selecting a suitable third party service provider. The procurement of the Service from the third party shall not cause material disruption to the Receiving Party's business, and the Receiving Party shall use Reasonable Efforts to accommodate the Providing Party's arrangements for the Service to be transitioned to the third party. Upon the completion of such transition, the Providing Party's obligation hereunder to provide such Service shall terminate. The Providing Party shall in any event be responsible for transitioning the Service to the third party service provider in a timely fashion.

7. Relationship of Parties. Except as specifically provided in a Service Schedule, none of the parties shall act or represent or hold itself out as having authority to act as an agent or partner of the other party, or in any way bind or commit the other party to any obligations. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture, agency, trust or other association of any kind, each party being individually responsible only for its obligations as set forth in this Agreement.

8. Force Majeure. If a Providing Party in respect of any Service is prevented from complying, either totally or in part, with any of the terms or provisions of this Agreement by reason of fire, flood, storm, any law, order, proclamation, regulation, ordinance, demand or requirement of any governmental authority, riot, war, inability to obtain labor or other causes beyond the reasonable control of the Providing Party or other acts of God (together, "Force Majeure"), then the affected provisions and/or other requirements of this Agreement shall be suspended in respect of such Service during the period of such disability and the Providing Party shall have no liability to the Receiving Party in respect of such Service or any other party in

connection therewith. If the Force Majeure continues or is foreseen without question to continue for more than three months, the Receiving Party may terminate this Agreement immediately upon written notice.

9. Proprietary Rights. Except as specifically provided in the Service Schedules, each party shall retain full and complete ownership of any and all proprietary information it may provide to the other or utilize in connection with the provision of Services. Except as specifically provided in the Service Schedules, nothing in this Agreement shall create a license or right of either party to use any trademarks, tradenames or proprietary information of the other. Any invention, program, discovery, patent, copyright, process, technology or know how created, made or discovered by a Providing Party as to a Service in the course of providing such Service shall belong exclusively to the Providing Party.

10. Seconded Personnel. The Service Schedules provide that certain employees of SCI shall be seconded to Motorola to learn how particular Motorola Services are provided and to assist in providing such Motorola Services ("Seconded Personnel"). All Seconded Personnel shall remain employees of SCI and shall not be employees of Motorola. SCI shall be responsible for all compensation, benefits, taxes, tax reporting, other reporting, liabilities, worker's compensation and all other matters pertaining to Seconded Personnel. In certain instances as specified in the Service Schedules, such personnel costs shall be offset against the fees to be charged by Motorola to SCI for the Services. SCI shall at all times cause all Seconded Personnel to adhere to the policies and practices of Motorola applicable to employees of Motorola and to act in accordance with such instructions as Motorola may provide in the course of the Seconded Personnel's learning about and assisting in providing Motorola Services.

11. Record Retention

(a) Maintenance and Return of Data. Following termination or expiration of a Service, all records, data files (and the data contained therein), reports and other materials received, computed, developed, processed or stored by a Providing Party after the date hereof for a Receiving Party (collectively the "Data") generated solely in connection with this Agreement, the Calibration Laboratory Services Agreement between Motorola and SCI dated the date hereof, the Agreement for Scrap Reclamation Services between Motorola and SCI dated the date hereof, the Management Agreement for Food Service dated the date hereof and the Agency Agreement dated the date hereof between Motorola and SCI (collectively the "Agreements") will be the exclusive property of the Receiving Party. In the event the Providing Party retains Data belonging to the Receiving Party, it shall safeguard such Data to the same extent it protects its own similar materials. Data shall not be utilized by the Providing Party for any purpose other than in support of Providing Party's obligations under the Agreements. Neither the Data nor any part thereof shall be disclosed, sold, assigned, leased or otherwise disposed of to third parties by the Providing Party. In the event that the Receiving Party destroys its own Data of the like kind in accordance with its document retention policies, the Providing Party shall also be obligated to destroy such Data upon Receiving Party's request. Upon termination of any Services provided hereunder, the Providing Party shall allow the Receiving Party access to the Data with reasonable notice and during normal business for a period of twelve months following termination of a Service, whereupon Data related to the provision of the terminated Service will

be transferred to the Receiving Party or otherwise made available to the Receiving Party as the Receiving Party may reasonably request provided, however, that the Receiving Party shall pay for all reasonable expenses related to making such Data available and that the Providing Party shall not include any Data to the extent the transfer would violate applicable law or cause the Providing Party to violate any agreement with a third party.

(b) Historical Record Retention. To effectuate the transactions contemplated in the Reorganization Agreement the parties hereto agree to retain all historical business records, data and information, both in paper and electronic form (the "Records"), which belong to the other party and each party hereto agrees to hold such Records for a period of two (2) years after the date hereof, unless otherwise mutually agreed. Upon request to the party holding such Records, the holding party shall reasonably cooperate to provide the Records belonging to the other party, at the expense of the holding party.

12. Assignment. This Agreement shall be binding upon and shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, except that this Agreement shall not inure to the benefit of any trustee in bankruptcy of a party without the written consent of the other party. This Agreement may not be assigned by either party without the prior written consent of the other party and any attempted assignment, whether directly, via merger, through operation of law or otherwise, shall be null and void, except that:

(a) Motorola may assign this Agreement to any entity into which it merges or reorganizes or to which it sells all or substantially all of its assets and properties or to any current or future affiliate of such party, and except that if Motorola divests all or any part of its operations providing any IT Service, such that Motorola no longer controls that operation, (i) Motorola shall arrange for Motorola's obligations hereunder in respect of Motorola IT Services to be provided by qualified vendors, provided, that SCI's costs during the Transition Period for Motorola IT Services provided by a third party vendor retained in connection with such assignment do not exceed the fees for Motorola IT Services set forth in Annex B and (ii) SCI shall have the option exercisable for a period of thirty days after the consummation of such divestiture to terminate this Agreement upon thirty day's advance written notice to Motorola. No such assignment shall release or discharge Motorola from any obligation hereunder.

(b) SCI may, assign this Agreement and its rights and obligations hereunder (i) to any entity into which it merges or reorganizes or to which it sells all or substantially all the assets and properties of the SCI Business or to any current or future affiliate of such party, provided that TPG or any of its Affiliates are the majority equity owner of such assignee or (ii) to or for the account of the lenders providing bank financing solely and specifically for the purpose of securing such bank financing in connection with the Recap Agreement and the transactions contemplated thereby. No such assignment shall release or discharge SCI from any obligation hereunder or require Motorola to provide any type of Service, any level or quantity of Service, or any Service in any manner which differs from the type, level, quantity or manner of provision immediately prior to such assignment.

13. Confidentiality. Each party shall, and shall cause each of its Affiliates and each of their officers, directors and employees to, hold all information relating to the business of the other party disclosed to it by reason of this Agreement confidential and will not disclose any

of such information to any entity unless legally compelled to disclose such information; provided, however, that to the extent that any of them may become so legally compelled they may only disclose such information if they shall first have used reasonable efforts to, and, if practicable, shall have afforded the other party the opportunity to obtain, an appropriate protective order or other satisfactory assurance of confidential treatment for the information required to be so disclosed.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of law principles of such State.

15. Standard of Care. Subject to Sections 16 and 17 below, each Service provided by a Providing Party shall be performed by employees or subcontractors of the Providing Party who the Providing Party reasonably believes have the levels of experience necessary to perform the Service in a manner consistent in all material respects with the same standards of care, quality and timeliness that the Providing Party exercises in performing such functions for itself.

16. DISCLAIMER OF WARRANTIES. EXCEPT AS EXPRESSLY SET FORTH IN SECTION 15 ABOVE, THE PROVIDING PARTY AS TO A PARTICULAR SERVICE DOES NOT MAKE ANY WARRANTY IN RESPECT OF SUCH SERVICE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO THE COMPLETENESS OR ACCURACY OF ANY INFORMATION RELATING TO SUCH SERVICE OR THE SUFFICIENCY OR SUITABILITY OF SUCH SERVICE FOR USE BY THE RECEIVING PARTY AS TO SUCH SERVICE.

17. LIMITATION OF LIABILITY.

(a) THE PROVIDING PARTY AS TO A SERVICE SHALL NOT BE LIABLE TO THE RECEIVING PARTY IN CONNECTION WITH THIS AGREEMENT OR SUCH SERVICE,

(i) FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES ARISING FROM ANY CLAIM RELATING TO THIS AGREEMENT OR THE PROVISION OF OR FAILURE TO PROVIDE SUCH SERVICE, WHETHER SUCH CLAIM IS BASED ON WARRANTY, CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) OR OTHERWISE, EVEN IF AN AUTHORIZED REPRESENTATIVE OF THE PROVIDING PARTY IS ADVISED OF THE POSSIBILITY OR LIKELIHOOD OF THE SAME;

(ii) FOR ANY DIRECT DAMAGES UNLESS THE SERVICE IN QUESTION PROVIDED BY A PROVIDING PARTY SHALL BE PERFORMED BY EMPLOYEES OR SUBCONTRACTORS OF THE PROVIDING PARTY WHO THE PROVIDING PARTY DID NOT REASONABLY BELIEVE HAD THE LEVELS OF EXPERIENCE NECESSARY TO PERFORM THE SERVICE IN A MANNER

CONSISTENT IN ALL MATERIAL RESPECTS WITH THE SAME STANDARDS OF CARE, QUALITY AND TIMELINESS THAT THE PROVIDING PARTY EXERCISES IN PERFORMING SUCH FUNCTIONS FOR ITSELF, IN WHICH CASE EITHER CLAUSE (X) OR (Y) IMMEDIATELY BELOW SHALL APPLY:

(X) FOR ANY MATTER UNDER CLAUSE (ii) IMMEDIATELY ABOVE IN WHICH THE DIRECT DAMAGES ARE CAUSED BY PROVIDING PARTY'S "WILLFUL FAILURE" OR INTENTIONAL MISCONDUCT, THERE SHALL BE NO DOLLAR LIMIT ON THE AMOUNT OF DIRECT DAMAGES PAYABLE BY PROVIDING PARTY TO RECEIVING PARTY; OR

(Y) FOR ANY MATTER UNDER CLAUSE (ii) IMMEDIATELY ABOVE IN WHICH THE DIRECT DAMAGES ARE NOT CAUSED BY PROVIDING PARTY'S "WILLFUL FAILURE" OR INTENTIONAL MISCONDUCT, PROVIDING PARTY SHALL NOT BE LIABLE TO RECEIVING PARTY IN EXCESS OF, AFTER TAKING INTO ACCOUNT ALL OTHER AMOUNTS PAID BY SUCH PROVIDING PARTY TO THE RECEIVING PARTY HEREUNDER FOR ALL CLAIMS UNDER THIS CLAUSE (Y), THE SUM OF (1) FORTY MILLION DOLLARS ($40,000,000) PLUS (2) THE EXCESS OF ONE HUNDRED MILLION DOLLARS ($100,000,000) OVER MOTOROLA'S LIABILITY FOR CLAIMS UNDER SECTIONS 11.2(a)(i), (ii) AND (vii) OF THE RECAPITALIZATION AGREEMENT;

(iii) FOR ANY MATTER UNLESS THE AMOUNT OF DAMAGES FOR WHICH THE PROVIDING PARTY IS LIABLE IN RESPECT OF SUCH MATTER INDIVIDUALLY OR TOGETHER WITH ALL MATTERS OF SUBSTANTIALLY THE SAME TYPE EXCEEDS $50,000;

(iv) FOR LOST OR ANTICIPATED REVENUES OR PROFITS ARISING FROM ANY CLAIM RELATING TO THIS AGREEMENT OR THE PROVISION OF OR FAILURE TO PROVIDE SUCH SERVICE, EVEN IF AN AUTHORIZED REPRESENTATIVE OF THE PROVIDING PARTY IS ADVISED OF THE POSSIBILITY OR LIKELIHOOD OF THE SAME; OR

(v) FOR ANY DAMAGES NOT PROXIMATELY CAUSED BY THE PROVIDING PARTY;

(vi) UNLESS THE RECEIVING PARTY SHALL HAVE GIVEN WRITTEN NOTICE OF THE MATTER FOR WHICH THE PROVIDING PARTY MAY BE LIABLE HEREUNDER AND THE PROVIDING PARTY SHALL HAVE FAILED WITHIN 30 DAYS OF THE RECEIPT OF SUCH NOTICE TO CURE SUCH MATTER OR, IF THE MATTER SHALL NOT BE CAPABLE OF CURE WITHIN SUCH TIME, TO COMMENCE TO TAKE REASONABLE COMMERCIAL EFFORTS TO CURE SUCH MATTER.

(b) FOR PURPOSES OF THIS SECTION 17, THE TERM "WILLFUL FAILURE" WITH RESPECT TO A SERVICE SHALL MEAN A DELIBERATE FAILURE BY THE PROVIDING PARTY TO ATTEMPT IN GOOD FAITH TO PROVIDE SUCH SERVICE EITHER (I) AFTER RECEIPT OF WRITTEN NOTICE FROM THE RECEIVING PARTY AS TO SUCH SERVICE STATING THAT THE PROVIDING PARTY IS NOT PROVIDING THE SPECIFIED SERVICE OR (II) (EXCEPT AS TO ANY SITUATION WHEREIN THE RECEIVING PARTY ACTUALLY KNEW THAT THE PROVIDING PARTY WAS NOT PROVIDING THE SERVICE) IN A SITUATION IN WHICH THE PROVIDING PARTY ACTUALLY KNEW IT WAS NOT PROVIDING THE SERVICE.

(c) THE PROVIDING PARTY AS TO A SERVICE SHALL HAVE NO LIABILITY WHATSOEVER TO ANY THIRD PARTY IN CONNECTION WITH THIS AGREEMENT OR ANY SERVICES HEREUNDER.

18. Indemnification. In respect of each Service, the Receiving Party as to such Service shall indemnify the Providing Party as to such Service and its Affiliates for all liability, cost and expense arising from (i) any breach of this Agreement by the Receiving Party as to such Service, (ii) action taken or not taken by the Providing Party or its Affiliates in connection with the provision of such Service pursuant to instruction of the Receiving Party and (iii) except to the extent due to failure to perform in accordance with the standard of care set forth in Section 15 above by the Providing Party in respect of such Service, the Providing Party's or its Affiliates' provision of or failure to provide such Service.

19. Disputes Submission to Jurisdiction.

(a) In the event of any dispute or disagreement between Motorola and SCI as to the interpretation of any provision of this Agreement (or the performance of obligations hereunder), the matter, upon written request of either party, shall be referred to representatives of the parties for decision, each party being represented by a senior executive officer who has no direct operational responsibility for the matters contemplated by this Agreement (the "Representatives"). The Representatives shall promptly meet in a good faith effort to resolve the dispute. If the Representatives do not agree upon a decision within 60 calendar days after reference of the matter to them, each of Motorola and SCI shall be free to exercise the remedies available to it under applicable law, subject to clause (b) below.

(b) Each of the parties irrevocably submits to the jurisdiction of (i) the Supreme Court of New York of the State of New York, and (ii) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the parties further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth herein shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. Each of the parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the Supreme Court of New York of the State of New York or (ii) the United States District Court for the Southern District New York, and hereby further irrevocably and unconditionally waives and agrees not to

plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

20. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

21. Notices. Unless otherwise indicated herein, all notices, requests, demands or other communications to the respective parties hereto shall be deemed to have been given or made when deposited in the mails, registered mail, return receipt requested, postage prepaid, or by facsimile to the respective party at the following address:

If to Motorola: Motorola, Inc.
Semiconductor Products Sector
3102 N. 56th Street, Mail drop 56-128
Phoenix, Arizona 85018
Facsimile Number: (602) 952-3563
Attn: Mark Poulsen

With a copy to: Motorola, Inc.
Law Department
1303 E. Algonquin Road
Schaumburg, IL 60196
Facsimile No.: (847) 576-3628
Attn: General Counsel

If to SCI: SCG Holding Corporation
5005 E. McDowell Road
Phoenix, Arizona 85008
Facsimile Number: (602) 244-4830
Attn: Dario Sacomani

With copies to: David Stanton
Texas Pacific Group
345 California Street
Suite 3300
San Francisco, California 94104
Facsimile Number (415) 743-1501

and

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attention: Paul J. Shim, Esq.
Fax: (212) 225-3999

22. Modification, Nonwaiver, Severability. No alleged waiver, modification or amendment to this Agreement or to the Service Schedules attached hereto shall be effective against either party hereto, unless in writing, signed by the party against which such waiver, modification or amendment is asserted, and referring specifically to the provision hereof alleged to be waived, modified or amended. The failure or delay of either party to insist upon the other party's strict performance of the provisions in this Agreement or to exercise in any respect any right, power, privilege, or remedy provided for under this Agreement shall not operate as a waiver or relinquishment thereof, nor shall any single or partial exercise of any right, power, privilege, or remedy preclude other or further exercise thereof, or the exercise of any other right, power, privilege, or remedy; provided, however, that the obligations and duties of either party with respect to the performance of any term or condition in this Agreement shall continue in full force and effect.

23. Interpretation. The headings and captions contained in this Agreement and in the Service Schedules attached hereto are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The use of the word "including" herein shall mean "including without limitation."

24. No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any person.

25. Entire Agreement. This Agreement, the Service Schedules, the Reorganization Agreement dated as of May 11, 1999 by and between the parties hereto and the Recap Agreement contain the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, whether written or oral, relating to such subject matter.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date and year first set forth above.

MOTOROLA, INC.

By: /s/ Carl F. Koenemann

Name: Carl F. Koenemann
Title: Executive Vice-President and Chief Financial Officer

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By: SCG Holding Corporation, its sole member

By: /s/ Theodore W. Schaffner

Name: Theodore W. Schaffner
Title: Vice President

ANNEX A

MOTOROLA HR SERVICES

I. This Term Sheet sets forth the terms and conditions pursuant to which Motorola shall provide human resources ("HR") services as described herein ("HR Services") to SCI following Closing. The description of HR Services and fees to be charged for such services is detailed in the "Business Plan" attached hereto as Exhibit A. The parties' plans to transfer and hire additional employees necessary to complete SCI's Human Resources organization is detailed in the "Personnel Plan" attached hereto as Exhibit B. The major HR information technology systems and programs ("HRIT") are listed in Exhibit C and have been categorized as either (i) a "Cloned System"; (ii) an HR Service subject to the terms hereunder; or (iii) included as part of a site that will be transferred to SCI as of Closing.

II. Business Plan, HRIT and Personnel Plan

A. Business Plan. The Business Plan identifies (i) the three regions and countries in which Motorola will provide HR Services to SCI; (ii) the specific HR Services (e.g., access to the Employee Service Center, benefits administration, use of the Global Assignment Center, etc.) to be provided by Motorola to SCI hereunder; (iii) the amounts to be charged by Motorola to SCI for the HR Services provided hereunder; and (iv) the term for which Motorola will provide such HR Services to SCI. For the HR Services in each of the regions described in the Business Plan, each of Motorola and SCI shall appoint an individual to coordinate and lead the provision and use of HR Services, as well as to support the transition of HR Services from Motorola to SCI over time.

B. Personnel Plan. The parties recognize that it is essential for SCI to begin immediately building its HR organization, including, as per the Personnel Plan, hiring additional employees to fulfill SCI's staffing needs prior to Closing. The Personnel Plan identifies the number of employees, on a function-by-function and regional basis, necessary for SCI to complete its HR organization. The Personnel Plan also (i) identifies (by name) those individuals currently within SCI's HR organization who will remain within SCI's HR organization following Closing; (ii) identifies (by name) those individuals currently within Motorola who will transfer to SCI's HR organization on or prior to Closing; (iii) identifies (by function) the number of additional employees that Motorola and SCI will need to recruit and hire, it being understood that any such employees hired prior to Closing will transfer to SCI on or prior to Closing. The parties shall begin immediately cooperating and working together to endeavor to fulfill SCI's personnel needs prior to Closing. To the extent SCI's personnel needs (as detailed in the Personnel Plan) have not been fulfilled by Closing, SCI shall continue its recruiting and hiring efforts after Closing. In any event, all recruiting,

hiring and training costs, whether incurred pre- or post-Closing, for the number of additional employees necessary to fulfill SCI's staffing needs (as set forth in the Personnel Plan), shall be borne entirely by Motorola.

C. HRIT. In addition to those HR Services described in the Business Plan, Motorola shall provide the HRIT systems and support (i.e., cloned systems, HR Services, etc.) as described in Exhibit C. The parties shall cooperate and work together to provide the HR systems and programs designated as "Cloned Systems" in Exhibit C by the Closing. In the event that the Cloned Systems are not fully operational on an independent stand-alone basis by the Closing, Motorola shall provide SCI with access, use and information from such systems (on the same basis that SCI utilized such systems and programs prior to Closing) until such time that the Cloned Systems are determined by the parties to be fully functional on an independent stand-alone basis.

III. Miscellaneous

A. On or prior to Closing, Motorola shall, at its sole expense, obtain or assign a license or sublicense (or alternatives thereto that do not, either individually or in the aggregate, impair the intended purpose of the software license, it being understood that any such alternatives will be subject to SCI's approval) for SCI to utilize the HR Services and Cloned Systems contained in Exhibits A and C.

B. SCI may terminate any HR Service upon 30 days prior notice as follows:

Notice To: Motorola, Inc.
3102 N. 56th Street
Phoenix, AZ 85018
Attn: Sector Controller

Motorola shall not be obligated to provide an HR Service that is terminated by SCI prior to expiration of the term applicable to any such HR Service (as designated in the Business Plan). Accordingly, Motorola shall cease charging the fees associated with an HR Service that is terminated by SCI.

C. The parties recognize that the purpose of this Agreement is to provide SCI with HR Services for a transition period during which SCI will examine the feasibility of alternative options to administer and support its HR functions. Accordingly, Motorola shall, at SCI's request, provide access to all information and data regarding HR Services provided by Motorola hereunder, including in particular, SCI employee data. Likewise, Motorola shall cooperate and provide access to all information necessary for SCI's third party designee to evaluate and/or assist in the transition of HR Services from Motorola to SCI. To the extent necessary, Motorola shall also provide reasonable assistance to SCI and/or its third party designee in effecting the transition of HR Services from Motorola to SCI or to a third party.

D. Motorola shall render to SCI a monthly statement for amounts due for HR Services provided hereunder. Such statements shall include a reasonable level of detail necessary for SCI to substantiate Motorola's charges to SCI. To the extent SCI's staffing needs have not been fulfilled by Closing and SCI incurs recruiting and hiring costs incurred post-Closing, SCI shall be entitled to charge back Motorola for any such recruiting and hiring costs. SCI's statements for recruiting and hiring charges shall include a reasonable level of detail necessary for Motorola to substantiate SCI's charges to Motorola.

E. The parties recognize that as circumstances surrounding implementation of the Business Plan and Personnel Plan change, it may be necessary to amend these plans accordingly, subject to mutual agreement between the parties. Unless otherwise agreed, any such amendments shall be subject to the terms and conditions set forth hereunder.

EXHIBIT A

HUMAN RESOURCES
BUSINESS PLAN

Exhibit A

Worldwide

General Plan: Motorola will provide the following HR Services to SCG on a worldwide basis.

A. SALES COMMISSION ADMINISTRATION, PLANNING AND PROCESSING

a) Description of Services: Administer the current sales commission delivery system for all SCG sales personnel worldwide using the SMACT system.

b) Cost: $150 per employee in the SMACT system annually.

c) Sites Impacted: All SCG sales offices worldwide.

d) Term: Up to 12 months following Closing.

B. GLOBAL ASSIGNMENT CENTER (GAC)

a) Description of Services: Facilitate the expatriation of employees throughout the world, including but not limited to, passport/visa administration, moving arrangements, housing arrangements and tax assistance.

b) Cost: $2800 (each relocation, one-way) per employee; plus $1400/yr. while on assignment.

c) Sites Impacted: Worldwide support for SCG employees on an as-needed basis.

d) Term: Up to 24 months following Closing.

C. GLOBAL STAFFING

a) Description of Services: Assist with facilitation of SCG's global hiring needs by providing SCG access to Motorola's employment sourcing databases at SCG's request under the terms described herein. Prior to the announcement of the sale of SCG (the "Transaction"), SCG shall provide Motorola with a list of positions and job descriptions it is seeking to fill. Immediately following announcement of the Transaction, Motbrola shall send each applicant who submitted a resume to Motorola after January 1, 1999 and who may qualify for a position identified by SCG (the "Candidates"), a letter informing each such Candidate of the Transaction and that his/her resume will be shared with SCG, unless he/she objects. For each resume received after announcement of the Transaction for a period of up to twenty four months following Closing, Motorola's acknowledgment letter to Candidates will contain statements to the effect described in the preceding sentence. SCG shall have complete and timely access to the resumes of all Candidates that have submitted a resume to Motorola after January 1, 1999 for a period of up to twenty-four months following Closing, it being understood that Motorola will not provide SCG access to resumes of any

Candidates who have objected to their resumes being shared with SCG. Motorola will also assign a full-time "Global Staffing Account Manager" dedicated to assisting with SCG's hiring needs for up to twenty-four months following Closing. The Global Staffing Account Manager individual will have full access to the employment sourcing databases on behalf on SCG for 24 months following Closing.

b) Cost: N/A

c) Sites Impacted: All global SCG sites

d) Term: Up to 24 months following Closing.

THE AMERICAS

GENERAL PLAN: Given the high volume of activity in Phoenix, Arizona and that corporate headquarters for SCG will be located in Phoenix, Motorola will provide the HR Services described below. For Canada and Brazil, HR Services will be provided through the Phoenix, Arizona offices.

SITE EXCEPTION: For the Guadalajara, Mexico site (an SCG-owned site), SCG will retain all current resident headcount and costs associated with the HR functions in Guadalajara. The only HR Services required at the Guadalajara site are those which Motorola will provide to SCG on a worldwide basis (i.e., sales, commission administration, planning and processing, the Global Assignment Center, and certain HR Services listed in Exhibit C).

A. EMPLOYEE SERVICE CENTER

a) Description of Services: Maintain, update, and administer data of all SCG employees within the centralized employee database, including but not limited to, grade/salary changes, payroll information, employee personal data, and organizational changes. Employee data for SCG employees in Canada and Brazil will be maintained in Phoenix, Arizona in a database to be developed by SCG. Employee data for Guadalajara, Mexico employees will be maintained in Guadalajara.

b) Cost: $125 per employee annually.

c) Sites Impacted: Phoenix, Americas Sales Offices.

d) Term: Up to 24 months following Closing.

B. BENEFITS ADMINISTRATION

a) Description of Services: Processing of all employee medical/dental/disability claims, responding to inquiries regarding benefits services and status, including but not limited to, maintenance of the 401(k), retirement and pension programs and funds, and other similar programs in Canada, Mexico and Brazil.

b) Cost: $177 per employee annually.

c) Sites Impacted: Phoenix and all Americas Sales offices.

d) Term: Up to 24 months following Closing.

C. HUMAN RESOURCES INFORMATION SYSTEMS (HRIS)

a) Description of Services: Maintain, update and administer employee data in HRIT system , including but not limited to, ENET, ESPS and SAP.

b) Cost: $89 per employee.

c) Sites Impacted: Phoenix, Americas Sales offices.

d) Term: Up to 24 months following Closing.

EMEA (EUROPE, MIDDLE EAST AND AFRICA)

General Plan: Given the relatively low number of SCG employees in EMEA, there will be a low level of HR Services required in this region. Following is a description of HR Services to be provided by Motorola to SCG in EMEA.

A. BENEFITS ADMINISTRATION

a) Description of Services: Provide support to all employee welfare and financial benefits including but not limited to, processing of employee medical/dental/ disability claims, inquiries regarding benefit services and status, and maintenance of retirement and pension programs and funds as well as similar programs in the region. In locations where Motorola is self-administered, Motorola will continue all benefit administrative activities for SCG employees.

b) Cost: $130.60 per employee annually.

c) Sites Impacted: All European and Middle Eastern SCG locations.

d) Term: Up to 24 months following Closing.

B. HUMAN RESOURCES INFORMATION SYSTEMS (HIUS)

a) Description of Services: Maintain, update and administer all SCG employee data in HRIT systems.

b) Cost: $63.46 per employee annually.

c) Sites Impacted: All European and Middle Eastern SCG locations.

d) Term: Up to 24 months following Closing.

C. EMPLOYEE SERVICE CENTER

a) Description of Services: Maintain, update and administer data for all SCG employees within the centralized employee database, including but not limited to, grade/salary changes, payroll information, employee personal data, and organizational changes.

b) Cost: $184.61 per employee annually.

c) Sites Impacted: European and Middle Eastern SCG locations.

d) Term: Up to 24 months following Closing.

Asia Pacific

General Plan: SCG has major manufacturing sites in Asia Pacific, along with a number of sales locations. Following is a description of HR Services to be provided by Motorola to SCG in Asia Pacific.

Site Exception: For the Carmona, Philippines site (an SCG-owned site), SCG will retain all current headcount and costs associated with the HR functions in Carmona. The only HR Services required at the Carmona site are those which Motorola will provide to SCG on a worldwide basis (i.e., sales, commission administration, planning and processing, and the Global Assignment Center).

A. Benefits Administration

a) Description of Services: Provide support to all employee welfare and financial benefits, including but not limited to, processing of employee medical/dental/disability claims, inquiries regarding benefit services and status, and maintenance of the retirement and pension programs and funds. In locations where Motorola is self-administered, Motorola will continue all benefit administrative activities for SCG employees.

b) Cost: Japan-$123.50 per employee annually.
Hong Kong/Singapore/All Asia Pacific sales locations-$192.89 per employee annually.
Seremban-$44.65 per employee annually.

c) Sites Impacted: Aizu and Tokyo, Japan; Hong Kong; Singapore; Seremban, Malaysia; all Asia Pacific SCG sales locations

d) Term: Up to 24 months following Closing.

B. HRIS

a) Description of Services: Maintain, update and administer all SCG employee data in HRIT systems.

b) Cost: Japan-$60.50 per employee annually.
Hong Kong/Singapore/All Asia Pacific Sales locations-$95.43 per employee annually.
Seremban-$21.48 per employee annually.

c) Sites Impacted: Aizu and Tokyo, Japan; Hong Kong; Singapore; Seremban, Malaysia; all Asia Pacific SCG Sales locations.

d) Term: Up to 24 months following Closing.

C. Employee Service Center

a) Description of Services: Maintain, update and administer data of all SCG employees within the centralized employee database, including but not limited to, grade/salary changes, payroll information, employee personal data, and organizational changes.

b) Cost: Japan-$174.00 per employee annually.
Hong Kong/Singapore/All Asia Pacific sales locations-$274.11 per employee annually.
Seremban-$72.37 per employee annually.

c) Sites Impacted: Aizu and Tokyo, Japan; Hong Kong; Singapore; Seremban, Malaysia; all Asia Pacific SCG Sales locations.

d) Term: Up to 24 months following Closing.

ADDITIONAL SERVICES TO BE PROVIDED IN JAPAN

a) Description of Services: Staffing and sourcing, (recruitment of new employees); Training (on-going performance improvement and professional development for all employees) and organizational effectiveness (consulting for on-going organizational improvement and efficiency).

b) Cost: Staffing and sourcing - $2000 for each professional hire and $1000 for each hire in all other categories; Training and organizational effectiveness - $50 per hour.

c) Sites Impacted: Aizu and Tokyo.

d) Term: Up to 24 months following Closing.

EXHIBIT B

HUMAN RESOURCES - PERSONNEL PLAN

REGION/SITE	CURRENT SCG CENSUS	TRANSFERS FROM MOTOROLA	NEW HIRES	TOTAL SCG CENSUS
AMERICAS				
United States	24	33	4	61
Guadalajara	27	0	0	27
EUROPE				
Toulouse	0	2(1)	0	2
Eastern Europe	0	1(2)	2	3
ASIA				
Malaysia	84	12	0	96
Carmona	15	7	0	22
Aizu	7	5	1	13
Hong Kong	0	2(3)	0	2
Singapore	0	1	0	1
TOTAL	157	56	7	227

(1) Patrick Roux.
(2) Petr Draxler.
(3) J.V. Tence.

SYSTEMS/PROGRAMS	FUNCTIONALITY	CLONED SYSTEMS	HR SERVICES	PROPOSAL FOR PROVIDING TO SCG	TRANSFER W/SITE
UNITED STATES					
SAP	Basic HR transaction system		X	Corp to provide; SCG must migrate to ADP; benefits plans must be substantially the same to provide service (see note 1 below)	
ERISCO	Benefits: claim management		X	Corp to provide if substantially the same benefits (see note 1 below)	
Ed Assist	Benefits: education assistance			Historical Data and Records to be provided @ SCG's request	
Well Quest	Benefits: health/lifestyle		X	MOT to provide license to meet SCG's needs	
Benefits On-Line	Benefits: on line		X	Corp to provide access to kiosk for physicians database	
Critical Talent	Dev: hi-po & mgmt development; dev: IDE			Historical Data and Records to be provided @ SCG's request	
HRSTS	er: case mgmt.			Historical Data and Records to be provided @ SCG's request	

SYSTEMS/PROGRAMS	FUNCTIONALITY	CLONED SYSTEMS	HR SERVICES	PROPOSAL FOR PROVIDING TO SCG	TRANSFER W/SITE
TEAMM	er: EAP			Historical Data and Records to be provided @ SCG's request	
MAAPS	er: eeo/diversity	X		Corp to clone	
UDS	re: employee drug testing			Historical Data and Records to be provided @ SCG's request	
ENET	er: employee/mgr./update		X	MOT will cooperate with SCG to acquire and install a fully functional substitute GUI to SAP at MOT's cost	
Personal	er: performance mgmt.			Historical Data and Records to be provided @ SCG's request	
HR Data	Reporting: data warehouse feeds		X	Corp will provide based on reasonable definition of needs from SCG HR organization	
TALX	Reporting: employment verif.		X	MOT to provide license to meet SCG's needs	
TWIN	Reporting: global			Historical Data and Records to be provided @ SCG's request	
VSP/ISP	Reporting: separation			Historical Data and Records to be provided @ SCG's request	

BrioQuery	Reporting: tool			Historical Data and Records to be provided @ SCG's request
GEMS	Rewards: ex-partriate mgmt.		X	MOT to provide license to meet SCG's needs
ESPS	Rewards: salary planning		X	Runs off IDE, SCG needs IDE to run this
SOS	Rewards: stock options			Historical Data and Records to be provided @ SCG's request
Stakeholders	Rewards: stakeholders			Historical Data and Records to be provided @ SCG's request
SMACT	Sales Commission	X		SPS to Clone
ADT	Staffing: applicant drug test			Historical Data and Records to be provided @ SCG's request
OASIS and ART-F	Staffing: applicant flow, contract labor management, staffing, recruiting and sourcing	X		Motorola will provide SCG with a license to I-Search software used on these systems and will seed database with reasonable number of candidates to make system useful
MTISS	Training			Historical Data and Records to be provided @ SCG's request
United Way	United Way		X	SPS to provide as shared service to ensure that United Way contributions/data are captured in manner consistent with current. No obligation after SCG transitions off of payroll services to be provided by MOT

Systems/Programs	Functionality	Cloned	HR Services	Proposal for Providing to SCG	Transfer w/Site
INTERNATIONAL					
Canada	HR/Link		X	Corp to provide shared service	X
Mexico	HR/Link			Goes with the facility - no more / no less	
Taiwan	Gupta (HR System)		X	Corp to provide shared service	
Thailand	MIHRS		X	Corp to provide shared service	
China	MIHRS		X	Corp to provide shared service	
Hong Kong	SAP		X	Corp to provide shared services provided benefits are substantially the same (see note 1)	
Japan	AS/400-replace MIHRS in 2Q99		X	Corp to provide shared service	
Korea- ECI	HRMS & Payroll System		X	MOT to provide license to meet SCG's needs	
Malaysia	MIHRS			Goes with the facility - no more/no less	X
Philippines	MIHRS			Goes with the facility - no more/no less	X
Singapore	Informix		X	MOT to provide license to meet SCG's needs	
Czech Republic	Excel			MOT to provide the spreadsheet when HR Service terminates	
Finland				N/A	
France	Hypervision		X	Corp to provide shared services	

Germany	Excel		MOT to provide the spreadsheet when transition period ends
Israel-MISIL	Focus	X	MOT to provide license to meet SCG's needs
Italy	Excel		MOT to provide the spreadsheet when HR Service terminates
Spain	Excel		MOT to provide the spreadsheet when HR Service terminates
Sweden	Dagger		MOT to replace with a Spreadsheet when HR Service terminates
Switzerland	Excel		MOT to provide the spreadsheet when HR Service terminates
United Kingdom	SAP	X	Corp to provide shared services provided benefits remain substantially the same (note 1)

Notes:

1. In order for Motorola Corporate to provide HRIT systems on SAP, the benefits offered by SCG during this transition period cannot differ substantially from those provided by Motorola to its employees. As soon as possible, SCG will provide to Bruce Mueller a description of the benefits to be provided by SCG after the closing to determine whether any changes to the overall benefits can be reasonably accommodated. In the event that such changes cannot be accommodated at a reasonable incremental cost to Motorola, Motorola shall assist SCG in transferring such systems to a third party service provider, provided such third party service provider can meet the costs otherwise budgeted for such services by SCG in its business plan.

2. Where a system is to be cloned by Motorola Corporate, Motorola Corporate, SPS Information Systems and SCG Information Systems will cooperate to determine the best means of effectively installing the system for SCG

ANNEX B

MOTOROLA IT SERVICES

I. Subject Matter

Sets forth the terms pursuant to which Motorola shall provide information technology ("IT") systems and services to SCI.

II. Definitions

A. "IT Services" shall mean the WACC Services, WAN Services and Core and Distributive Services and such other information-related applications, services and infrastructure reasonably necessary to operate SCI's business in the ordinary course in substantially the manner operated prior to Closing as provided by Motorola or a third party under contract to Motorola and shall include, but not be limited to, the IT systems and services listed in Exhibit A. Specifically excluded from IT Services are the HR information-related application services (except SMACT, which will be cloned by Motorola under the terms of this Agreement) and such other information-related application services and infrastructure listed in Exhibit B.

B. "Year One" shall mean the twelve-month period beginning on the date of Closing.

C. "Year Two" shall mean the next twelve-month period following Year One.

D. "Year Three" shall mean the twelve-month period following the end of Year Two.

E. "Year Four" shall mean the twelve-month period following the end of Year Three.

F. "Year Five" shall mean the twelve-month period following the end of Year Four.

G. "Terminated Service" shall mean either (i) IT Services transferred or terminated by SCI in accordance with the terms hereof or (ii) IT Services for which the term has expired (as indicated in Exhibit A).

H. "Core and Distributive Services" shall mean computer program break/fix services and required-legal-change services to be provided by Motorola or a third party vendor to Motorola prior to the Closing in the normal course of business in respect of the IT Systems and such business capability enhancements requested by SCI in the ordinary course of business, provided, however, that if the effort required to accommodate the requested business enhancements would disrupt the orderly conduct of the parties' efforts to implement the transition to SCI of responsibility for IT Services within the timetable provided in the Separation

Project Plan without the use of more personnel than are contemplated to be dedicated to the respective function (as set forth in Exhibit A), Motorola shall so inform SCI and the parties shall mutually agree whether such enhancements should be pursued, and if so, the additional fees for such enhancement.

I. "WACC Services" shall mean data processing services of the type provided by Motorola to its divisions and offices prior to the Closing via its WACC computer system in the normal course of business, but shall not include any New WACC Services.

J. "New WACC Services" shall mean data processing services not provided by the WACC environment prior to the Closing.

K. "WAN Services" shall mean inter-site networking connectivity services of the type provided by Motorola prior to the Closing in the normal course of business, but shall not include any New WAN Services.

L. "New WAN Services" shall mean WAN expansion or upgrades requested by SCI above the usage, performance or quantity criteria baseline for SCI as of the Closing, subject to such expansion as is contemplated by paragraph II.B below.

III. General

A. Description of IT Services. The service standards, metrics and quantities (such as usage, performance and availability) associated with the IT Services to be provided by Motorola shall be in accordance with a baseline model to be developed by the parties prior to the date of the closing of the transaction contemplated by the Recapitalization Agreement dated as of May 11, 1999 (the "Closing") based on measurable characteristics of the type described in Exhibit C.

B. Fees/Terms/Termination. All IT Services provided by Motorola hereunder shall be subject to the following agreement on the duration of fees and terms:

WACC:

TERM: Motorola shall make WACC Services available to SCI for a period of five years from the Closing. SCI shall be obligated to purchase WACC Services from Motorola during Year One and Year Two. SCI shall have the option to extend use of WACC Services for an additional three years, during which time SCI may terminate its use of WACC Services upon three months notice.

FEES: During Year One and Year Two, SCI shall pay the costs allocated to WACC Services in Exhibit A, namely $12.2 million per year. During Year Three, Year Four and Year Five, SCI shall pay the WACC usage rates charged by Motorola to SPS, subject to a maximum annual escalation in rates of 5% per year

over the rates charged to SPS in 1999. SCI shall be entitled to participate in Motorola's WACC rebate during Year Three, Year Four and Year Five in proportion to SCI's usage of WACC Services for which the rebate is made.

WAN:

TERM: Motorola shall make WAN Services available to SCI for a total of three years following Closing. SCI shall be obligated to purchase WAN Services from Motorola during Year One and shall have the option to extend use of WAN Services for an additional two years, during which time SCI may terminate its use of WAN Services upon three months notice.

FEES: During Year One, SCI shall pay an annual fee for WAN Services of $5 million, subject to increase if the rate of growth in WAN usage by SCI exceeds the 35%, which is the annual rate of growth in WAN usage that has been experienced recently by SPS. Motorola shall monitor SCI WAN usage and provide such usage data to SCI on a monthly basis. If SCI's rate of growth in WAN usage exceeds the 35% annual growth limit during any quarter and such increased usage cannot be reasonably accommodated by the WAN without additional expenditures by Motorola, Motorola shall inform SCI and SCI shall (1) agree to limit its usage to a level below such limit (either through reducing its usage of the WAN Services or by acquiring alternative means to handle the traffic) or (2) mutually agree with Motorola to an increase in the fee for WAN Services to compensate for the cost of accommodating this increased usage. The respective annual fees for WAN Services in Year Two and Year Three following the Closing shall be $5.75 million and $6.6125 million, subject to the same mechanism for adjustment during Year One.

CORE AND DISTRIBUTIVE SERVICES:

TERM: Motorola shall make Core and Distributive Services available for a total of period of two years from the Closing. SCI shall have the right to terminate use of specific Core and Distributive Services upon one month's notice.

FEES: The annual fee for each Core and Distributive Service is set forth in Exhibit A. These fees are based on a total allocated annual cost of $16.9 million for Core and Distributive Services and have been broken down on a service-by-service basis as mutually agreed by the parties. (The amount for Hardware and Software Maintenance and Depreciation shall be determined by the

budgeted amount for these costs in Year One, and shall be mutually agreed prior to Closing. Each fee has been separately allocated in proportion to the number of IT personnel identified in Exhibit A to support such service.) As the responsibility for a particular service is transitioned from Motorola to SCI, Motorola shall no longer be obligated to provide the Terminated Service and SCI shall no longer be obligated to pay the fee allocated to the Terminated Service.

TREATMENT OF SECONDED SCI PERSONNEL:

To the extent that SCI personnel are seconded to Motorola to provide assistance to Motorola in rendering IT Services, the fee with respect to that IT Service shall be reduced by the costs of such personnel's salary, fringe benefits and other allocable costs ("Personnel Costs"). In the event that SCI's Personnel Costs exceed the fees for IT Services, Motorola shall net such amount against the fees and pay SCI the difference under the terms of paragraph 4. hereunder.

All personnel designated as SCI employees - including those currently in SCI's IT organization, those designated to transfer from Motorola to SCI, and any new employees hired into SCI's IT organization from now until Closing - shall transfer to SCI on or prior to Closing. Prior to Closing and for so long as Motorola is providing Core and Distributive Services, the SCI employees performing the Core and Distributive Services described in the Separation Project Plan shall be seconded to Motorola and shall act under the management and direction of Motorola. During such time, Motorola and SCI shall work together as one IT organization to perform Core and Distributed Services identified in the Separation Project Plan and, ultimately, to develop the knowledge and capability that will enable the eventual transition of IT functions from Motorola to SCI. To the extent that SCI's personnel needs (as detailed in the Separation Project Plan) have not been fulfilled by Closing, and Motorola is, at the time, providing Core and Distributed Services to SCI, Motorola shall have the right to hire additional employees to complete SCI's personnel needs in a functional area. Any such employees shall be hired on behalf of SCI (with the input and consent of SCI) and seconded to Motorola. All seconded personnel shall remain employees of SCI and SCI will be responsible for all compensation, benefits, tax liabilities and reporting and other employee matters (other than training and supervision as provided above) associated with such seconded personnel.

ADDITIONAL CONSULTING SERVICES:

If requested by SCI, Motorola shall provide additional consulting services to SCI with regard to IT Systems as follows:

To assist with the closing of fiscal year 2000, Motorola shall provide up to 1500 hours of consulting services in the planning of the closing and in its conduct and follow-up procedures.

To assist with IT Systems for which responsibility has been assumed by SCI, but as to which SCI requires further assistance, Motorola shall provide up to 1000 hours of consulting services.

The fee to be paid by SCI for the foregoing consulting services shall be the fully allocated costs of the Motorola personnel providing such services.

C. Billing Statements. Motorola shall render to SCI a monthly statement for amounts due for IT Services provided under this Agreement. Each such statement shall be for one-twelfth of the annual fees required by III.B above, subject to adjustment as provided in the section. In respect of WACC Services, such statements shall include the same level of detail with respect to WACC usage and fees as is provided to other Motorola entities, sufficient to determine Motorola's basis for its charges for providing such WACC services to SCI. SCI shall have the right, at its sole expense, to review all or any portion of the monthly statements rendered by Motorola to SCI for IT Services provided hereunder. In such event, Motorola shall cooperate and provide SCI or its designee full access to data and cost information to enable SCI or its designee to review the monthly billing statements. Each such review performed by SCI or its designee shall be conducted in a manner that does not materially disrupt Motorola's regular business functions. Each designee of SCI shall enter into a confidentiality agreement with Motorola.

D. Cloned Systems. The parties shall cooperate and work together to provide to SCI by the Closing such operational computer programs ("IT Programs"), computer program interfaces ("IT Systems") and computerized databases ("Databases") (or alternatives thereto that do not either individually or in the aggregate impair the intended performance, it being understood that any such alternatives will be subject to SCI's reasonable approval) as are reasonably required by SCI to operate as an independent, stand-alone company. Such IT Programs, IT Systems and Databases include, but are not limited to, those listed in Exhibit A (the "Cloned Systems"), but do not include the IT Programs, IT Systems and Databases listed in Exhibit B. One-time systems and services costs incurred to establish the Cloned Systems on a physical stand-alone basis shall be borne entirely by Motorola, including hardware and software expenses.

Motorola shall at all times keep SCI updated on the progress relating to development of the Cloned System and shall provide reasonable access to SCI and its designees to the planning process for the cloning and testing of the Cloned Systems in advance of the Closing Date. Motorola and SCI shall work together to rationalize the cost of implementing the Cloned Systems, including, for example, by causing applications residing on separate equipment prior to the Closing to reside on the same equipment to the extent feasible without materially reducing the performance of any IT Program. The parties shall endeavor to test and debug the Cloned Systems with the goal of operating the Cloned Systems on an independent, stand-alone basis beginning on August 1, 1999. Provided that the Cloned Systems are capable of operating on an independent, stand-alone basis by August 1, 1999, SCI shall conduct its first month-end close separate from that of Motorola as of the last day of fiscal August 1999.

E. Transfer of Hardware. Pursuant to the Recap Agreement, Motorola shall, at its sole expense, transfer or assign to SCI all of its rights, title and interests in any and all hardware (including leased hardware) reasonably required by SCI to operate its IT Systems and services on a physical, stand-alone basis.

F. Personnel. The parties recognize that SCI will require a total of approximately 302 full-time equivalent employees or contractors to operate and support SCI's IT Systems and support services on a physically separate, stand-alone basis. SCI currently employs 87 such individuals. The parties expect that an additional 51 employees will be transferred as part of SCI sites transferred pursuant to the Reorganization Agreement. The parties recognize that SCI will require an additional 164 individuals to fulfill its staffing needs. To date, the parties have identified 78 Motorola employees (by name and skills set) who will transfer from Motorola on or immediately prior to the Closing Date and an additional 86 personnel (by skill set only) who will need to be recruited and hired to achieve the Cloned Systems. (Exhibit A sets forth the foregoing staffing information.) If any of the Motorola employees identified in Exhibit A, or hired between the date hereof and the Closing, shall no longer be Motorola employees as of the Closing, they will be replaced by additional new hires, unless the parties shall determine that it is mutually, advantageous to replace the particular skill set of such lost personnel with additional transfers from existing Motorola personnel. In the recruitment and hiring of any such new personnel, the parties shall mutually agree on the new hires. It is also understood by the parties that SCI may recruit an additional ten IT professionals from within Motorola, subject to mutual agreement of the parties. The parties' plans to train and transfer employees from Motorola to SCI in order to establish the Cloned Systems and transition SCI into an independent, stand-alone company shall at all times be consistent with the Separation Project Plan. To the extent SCI's personnel needs (as detailed in Exhibit A) have not been fulfilled by Closing, SCI shall continue its recruiting and hiring efforts after Closing. In any event, recruiting, hiring and training costs, whether incurred pre- or post-Closing, for the number of additional employees needed to fulfill SCI's staffing needs (as per Exhibit A), shall be borne entirely by Motorola.

G. Motorola Outsourcing. If Motorola outsources any of the IT Services provided to SCI hereunder, Motorola shall use its reasonable best efforts to obtain the right for SCI to either participate in Motorola's outsourcing agreement or to enter into a separate outsourcing agreement, in either case, under substantially the same terms and conditions as Motorola. In any event, SCI's costs for IT Services provided pursuant to such an outsourcing arrangement shall be no more than SCI's costs for the provision of such services under this Agreement.

H. Licensed Software. On or prior to the Closing Date, Motorola shall, at its sole expense obtain or assign a license or sublicense for SCI to use all IT Programs (or alternatives thereto that do not, either individually or in the aggregate, impair the intended purpose of the software license, it being understood that any such alternatives will be subject to SCI's approval) included as Cloned Systems. Motorola and SCI shall work together prior to the Closing to identify the best way to have a license for i2 software and such other software as to which consultation between Motorola and SCI will facilitate the transfer process. To the extent reasonably locatable or obtainable from vendors, any software will also include all related documentation, manuals and original media as required by SCI, including but not limited to those contracts listed in, Exhibit D. To the extent required by vendor legal or contractual restrictions, Motorola shall, at its sole expense, obtain the consents necessary to effect the foregoing transfers on or prior to the Closing Date. All software licenses transferred or assigned hereunder shall be transferred or assigned in their entirety (subject to any use rights retained by Motorola for its own benefit) and shall include the full scope of rights currently enjoyed by Motorola, to the extent reasonably required by SCI to operate on a stand-alone basis. Relative to the WAN Services, Motorola will cooperate with SCI in developing a plan for a Class B addressing scheme.

I. Motorola Proprietary Software. Pursuant to the terms of the Intellectual Property Agreement between the parties, Motorola will grant SCI certain license rights to use all Motorola-owned business application and design engineering software in use by SCI as of the Closing.

J. Maintenance Agreements. By the Closing, Motorola shall at its sole expense arrange for SCI to assign, transfer or acquire replacement contracts such that SCI will receive the benefits of all computer equipment maintenance contracts that were in place with Motorola with respect to the SCI business at the time of Closing, either through agreement with the service provider under the contract with Motorola or through establishment of a new contract with the same or equally qualified service provider.

K. Disaster Recovery. With respect to any IT Services supported by Motorola at the time of a disaster, if the disaster (other than one caused by SCI's [gross] negligence) renders SCI's Cloned Systems and/or IT Services non-functional, Motorola shall provide, at its sole expense, disaster recovery services on an equal basis with the recovery services rendered by Motorola to its own business

operations. For avoidance of doubt, such disaster recovery services are not required to be provided by Motorola for any services terminated by SCI.

IV. Miscellaneous

A. Confidentiality. The parties acknowledge that in the course of performance of their respective obligations pursuant to this Agreement, each may obtain confidential and/or proprietary information of the other or its affiliates, vendors, or customers, including terms and conditions of this Agreement. Accordingly, the parties shall take reasonable steps necessary to ensure that all information and records relating to the business of Motorola and SCI are kept strictly confidential.

B. Access to Information. Motorola shall, at SCI's request, provide access to all information and data regarding the IT systems and support provided by Motorola hereunder. Such information shall include, but is not limited to, historical cost data, resource usage, failure data, service levels, and security data. In addition, Motorola shall cooperate and provide access to any and all information necessary for SCI or its auditors to perform a complete systems and applications audit. Each such review performed by SCI or its designee shall be conducted in a manner that does not materially disrupt Motorola's regular business functions. Each designee of SCI shall enter into a confidentiality agreement with Motorola.

C. Assignment/Change in Control. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by or against the parties hereto and their respective successors and assigns provided, however, that neither party hereto may assign this Agreement without the prior written consent of the other (which consent shall not unreasonably be withheld), except to a party that acquires all or substantially all of the assets of the assigning party. Provided further, if Motorola divests all or any part of its operations (such that Motorola no longer controls that operation) that provide IT Services pursuant to this Agreement, Motorola shall arrange for Motorola's obligations to SCI under this Agreement to be provided by qualified vendors. SCI shall, in any event, have the option to terminate this Agreement in such event.

D. Scope. All costs related to all IT Services provided by Motorola to SCI, including any IT-related costs incurred by Motorola under any other agreements related to this transaction, are allocated in this Agreement alone and shall be billed in accordance with the principles and procedures contained in this Agreement.

E. Term and Termination. This Agreement shall terminate five years from the date of Closing.

MOTOROLA INFORMATION TECHNOLOGY SERVICES - AMENDMENTS

1. In accordance with the provisions of Section III.B regarding the Fees associated with Core and Distributed Services, the parties agree that the amount of depreciation associated with Non-WACC Hardware & Software Depreciation Maintenance for Core and Distributed as of the date of Closing is $3.6 million. Accordingly, the parties agree that the fees for Core and Distributed Services detailed in Exhibit A of Annex B, Motorola Information Technology Services, are to be amended as follows:

   The columns entitled "Description" and "Costs in Millions" under Core and Distributed in Exhibit A attached hereto shall be deleted in their entirety and replaced with the following:

DESCRIPTION	COSTS IN MILLIONS
Demand Mgmt and Planning Team	4.3
Planning/Inventory Team	1.6
Technical Support Team	1.2
Process/IT Quality/Test Team	.5
Email/Calendar/LDAP Team	.7
Security/Account Admin Team	.2
CIM Baseline Team	.5
Finance Team	1.6
Procurement Team	.4
Mgmt/Admin Team	.7
E-Business Team	.5
Data Warehouse Team	.5
Siebel Team	.6
Non-WACC Hardware & Software Depreciation/Maintenance for Core and Distributed	3.6
Total	16.9

2. If Motorola acquires additional hardware assets on behalf of SCI in order to complete the Cloned Systems, the amount of Non-WACC Hardware & Software Depreciation/Maintenance for Core and Distributed associated with any additional hardware assets will be increased. Motorola will notify SCI of any such additional asset transfers on or before September 15, 1999. In the event that the amount of Non-WACC Hardware & Software Depreciation/Maintenance for Core and Distributed increases after the date of Closing, the fee for each Core and Distributed Service will be reduced in proportion to the increase in Non-WACC Hardware & Software Depreciation/Maintenance for Core and Distributed.

IT SEPARATION PROJECT PLAN

EXHIBIT A

IT SERVICE	DESCRIPTION	Cost in Millions	Anticipated Date of Transition	Expiration of Term	IT CENSUS AT TRANSFER	CENSUS TRANSFER FROM SPS	CENSUSNEW	EXISTING SCG IT CENSUS
SITES	FACTORY/SITE APPLICATIONS, CIM SUPPORT, DATA CENTER, NETWORKING, Dial-up		15-Apr-99	N/A				
	Aizu, Guadalajara, Seremban, Carmona and 52nd St Phoenix	8.3	15-Apr-99	N/A	51	51	0	0
	Factory/Site CIM Operations and Gateway Team within SCG today	10	N/A	N/A	75	0	0	55
	TOTAL	18.3			126	51	0	55
CORE AND DISTRIBUTED								
	Demand Mgmt and Planning Team	4.6	1-Jul-00	Close +2 yrs	55	20	35	0
	Planning/Inventory Team	1.7	1-Jul-00	Close +2 yrs	38	16	1-0	12
	Technical Support Team	1.3	1-Jul-00	Close +2 yrs	13	5	8	0
	Process/IT Quality/Test Team	0.6	1-Aug-99	Close +2 yrs	6	6	0	0
	Email/Calendar/LDAP Team	0.8	1-Feb-00	Close +2 yrs	8	3	5	0
	Security/Account Admin Team	0.2	1-Aug-99	Close +2 yrs	2	2	0	0
	CIM Baseline Team	0.6	1-Jul-00	Close +2 yrs	9	0	9	0
	Finance Team	1.7	1-Jul 00	Close +2 yrs	17	8	9	0
	Procurement Team	0.4	1-Jul-00	Close +2 yrs	4	1	3	0
	Mgmt/Admin Team	0.8	15-Apr-99	Close +2 yrs	8	8	0	0
	E-Business Team	0.5	15-Apr-99	Close +2 yrs	5	2	3	0
	DataWarehouse Team	0.5	1-Feb-00	Close +2 yrs	5	3	2	0
	Siebel Team	0.6	1-Aug-99	Close +2 yrs	6	4	2	0
	Non-WACC Hardware & Software Depreciation/Maintenance for Core and Distributed	2.6	1-Aug-99	Close +2 yrs	0	0	0	0
	TOTAL	16.9			176	78	86	12
WACC DATA CENTER	Usage Charges for CORE Systems on the Mainframe at the Motorola Corporate Data Center							
	Fixed Usage Total Per year, year 1 & 2	12.2	Close +2 yrs	0	0	0	0	0
	receiving services at usage rate actuals		3 additional yrs	0	0	0	0	0
	TOTAL	12.2		0	0	0	0	0
					0 1	0	0	
WAN	Wide Area Network circuits, routers, encryption, hardware, software and maintenance provided by Motorola							
	Year 1	5	N/A	Close +1 yr	0	0	0	0
	Year 2 and 3 noted items		N/A	2 additional yrs	0	0	0	0
	TOTAL	5		0	0	0	0	0
					0	0	0	0

IT SERVICES NOT INCLUDED OR INCLUDED ELSEWHERE

EXHIBIT B

IT SERVICE	DESCRIPTION	COMMENT
Desktop/Laptop Hardware	PC/Apple desktop/laptop systems hardware	Currently in business departmental run cost. Transfers with employee. Leased system transfer process within Supply Management terms.
Desktop/Laptop Software	Software Systems and databases created by business and design product and engineering users via commercial software. (e.g. Does not include spreadsheet data)	Desktop/Laptop commercial software included in License Exhibit
Engineering Hardware	Unix and other hardware used by design, product and all other engineering functions	Currently in business departmental run cost Transfers with employee. Leased system transfer process within Supply Management terms.
HR and Payroll Systems	Hardware, software and/or outsourced systems used to run Human Resources, Benefits, Compensation and Payroll	Covered in the HR Services Terms
SPS SAP Based Systems	All Motorola SPS systems and interfaces in development or production running associated with the SPS SAP license agreement	Not selected by SCG
JET	Corporate Travel System	Covered as Shared Service in Finance Term Sheet

EXHIBIT C

WAN AND WACC UTILIZATION/PERFORMANCE

Subset examples of metrics to be provided and reviewed at minimum quarterly intervals for all WAN and WACC services utilized by SCG.

WAN UTILIZATION ACTUALS PRIMARY BUSINESS HOURS

Monthly Site LAN Utilization

Daily Network Volume by Group

WACC "FIVE NINES" SYSTEM AVAILABILITY

SYSTEM	JANUARY	FEBRUARY	MARCH
Netting(CICSMP03)	100.000%	99.995%	100.000%
SPS Mantissa(CICSWP02)	100.000%	99.876%	100.000%
SPS Fixed Assets(CICSWP02)	100.000%	99.876%	100.000%
SPS Vertex(CICSWP02)	100.000%	99.876%	100.000%
Corp. Medical Claims(CICSWP03)	100.000%	99.876%	100.000%
Corp. OmniPlan(CICSWP04)	100.000%	99.876%	100.000%
Corp. OmniPay(CICSWP04)	100.000%	99.876%	100.000%
DCE	100.000%	99.298%	100.000%
TCPIP-WT	100.000%	99.792%	100.000%
TCPIPT1-WT	100.000%	99.792%	100.000%
TCPIPT2-WT	100.000%	99.786%	100.000%
TCPIP-WI	100.000%	99.881%	100.000%
TCPIP-MT	100.000%	100.000%	100.000%
TCPIPT1 -MT	100.000%	99.995%	100.000%
TCPIPT2-MT	100.000%	99.995%	100.000%
IMS3DC	100.000%	99.850%	99.597%
IMSDC	100.000%	99.995%	99.966%
MTSO	100.000%	100.000%	100.000%
WTSO	100.000%	99.879%	100.000%
WIMS	100.000%	99.863%	100.000%
CSP1	100.000%	99.867%	100.000%
CST1	100.000%	100.000%	100.000%
WVM	100.000%	100.000%	100.000%
DOSVM	100.000%	100.000%	100.000%
SPS CICS Applications	100.000%	99.876%	100.000%
TCPIP	100.000%	99.892%	100.000%

WACC TRANSACTIONS PER MONTH

SYSTEM	JANUARY	FEBRUARY	MARCH
WACCTSO	37075449190	32652342400	34896329686
WACCIMS	21931840290	21047218932	23673528957
CSP1	2084491950	1992400448	2236005614
CST1	1440185405	1369670724	1532812524

WACC MAINFRAME USAGE COST SUMMARY BY MONTH

ITEM	JAN	FEB	MAR
BCH PROD CPU	613,498	637,147	838,865
IMS MSG CPU	501,258	619,915	817,907
CMS O/L CPU	448,532	546,664	628,554
DISK STORAGE	410,177	398,926	399,923
CMS PERM DSK	168,679	171,288	211,796
TSO O/L CPU	134,666	181,724	204,324
DIVSNL PACKS	176,810	178,626	178,626
BCH TEST CPU	110,426	124,881	166,778
IMS DLI CPU	56,732	68,125	92,044
CMS BCH CPU	46,064	52,291	74,260
TAPE OCUPNCY	45,139	52,003	58,739
CMS SQL CPU	23,967	28,202	34,556
TAPE MOUNTS	28,368	27,823	30,672
TAPE STORAGE	17,783	17,532	21,883
TAPE M/ST/M2	15,289	15,157	19,770
DSK M/STG/MI	13,323	13,887	18,108
PRINTER SYST	7,008	10,937	11,111
FICHE ORIG	6,873	5,609	5,923
ADSM DATA ST	1,697	1,918	2,485
CICS REG CPU	2,271	2,278	2,577
CICS DB2 CPU	290	1,783	2,538
PAC CSYS ADM	0	0	0
FICHE COPIES	1,661	1,209	1,278
SPECIAL FORM	126	289	352
CMS SFS CPU	304	330	524
B-BRD SERVER	0	0	0
12 X 8 1-PRT	125	22	17
CSS SIM MISC	195	0	0
TAPE COPIES	0	0	0
11 X 14 2PRT	60	1	1
DB2 DIST CPU	3	0	2
HRMS TRANS.	0	0	0
11 X 9 1PRT	1	1	1
11 X 9 2PRT	6	0	0
11 X 14 3PRT	1	0	0
AVERY LABELS	0	0	0
BCH TST JOBS	0	0	0
CMS SESSIONS	0	0	0
REMOTE LINES	0	0	0
TSO SESSIONS	0	0	0
14 X 11 ROLL	0	0	0
TSO ADMN ADJ	0	0	0
DSS ADMN ADJ	0	0	0
CMS ADMN ADJ	0	0	0
Total	2,831,332	3,158,568	3,823,614

ADDITIONAL METRIC/REPORT TYPES (Not limited to):

WAN Response Studies (point to point and end to end ping studies)
WAN/ LAN Router CPU utilization
WAN Bytes, Packets, Errors per line
Mainframe CPU Utilization
Mainframe Disk Utilization
Mainframe Representative transaction performance trends
Mainframe Representative Batch Processing performance trends

SOFTWARE SUPPLIERS SELECTED FOR TRANSFER	SOFTWARE SUPPLIERS NOT SELECTED FOR TRANSFER
SUPPLIER NAME	SUPPLIER NAME
Adobe	Apache
Advance Mgmt Solutions (AMS)	Chesapeake Decision Sciences
Allaire	Enscript
Analogy	GCC Compiler
ASD Software Inc	Harmony Software
Avant! Corporation	KL Group
Brio Corporation	Prism Corp
Cadence Design Systems	Rationale/Pure Atria Cooperation
Citrix Systems Inc	SAP America
CompuServe/WorldCom Advanced Networks	Smart Technologies
DataBeam/IBM	WinCenter
Fastech Integration Inc	
Foresight	
GE Info Service	
Gentia Software	
Harbinger EDI Services Inc.	
Hume Integration	
Hummingbird Communications, LTD	
i2 Technologies, Inc.	
IBM Global Services/Advantis	
IBM/Lotus	
ISE Integrated Systems Engineering AG	
MathSoft, Inc	
MathWorks, Inc	
Mentor Graphics	
Microsoft	
Netopia/Farallon Communications	
Netscape Communications Group	
Network Associates Inc/McAfee.	
Novell	
Open Environment Corporation	
Open Text Corporation-External	
Open Text Corporation-Internal	
Oracle Corporation	
Platform Computing Inc	
Process Software	
Promis Systems Corporation	
Real Networks	
SAS Institute	

Siebel Systems
Sterling
Symantec Corporation
Synopsys
TCG/Teleport Communications Group
Texas Instruments - CSS/OP, Easy Req,
TIBCO (formerly Teknekron)
Tivoli/IBM
Transcription Enterprise (CATS)
Veritas Software Corporation (formerly
Openvision)
Visio
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ANNEX C

MOTOROLA LOGISTICS SERVICES

I. SEPARATION OF DISTRIBUTION LOCATIONS

a. The scope of the terms that follow address distribution locations that currently handle either SCI product exclusively, or a combination of SCI and SPS product.

b. There will be a physical separation of distribution locations as of Closing, with complete cloning of logistics and distribution systems where required. Computer systems and shipping equipment in all of these facilities will be separate where necessary to achieve the levels of security required of two separate legal entities. Information Technology (IT) will pursue identification of all necessary hardware, costs, and schedules necessary to achieve the requirements for separation. If ownership, management or operational separations are delayed, SPS and SCI will enter into shared services (Section IV), with costing methodologies identified in Section V. In the event that either SPS or SCI decides to withdraw from a distribution location where both are located, the withdrawing party shall provide the other party 6 months written notice prior to such withdrawal. In such event, the parties shall work together in good faith to facilitate the transition out of the distribution location and shall examine the feasibility of jointly relocating their respective distribution operations to a different location.

c. Distribution Centers (DCs) that are currently Motorola owned will be owned by either SPS or SCI as of Closing. SCI ownership of Phoenix AA warehouse is limited to building and equipment with the actual land being leased as defined in the master lease agreement. Where SPS owns a DC on Closing, SCI will re-route all its activity out of that DC by Closing. Likewise, where SCI owns a DC on Closing, SPS will re-route all its activity out of that DC by Closing. Dual shipping systems will not be required in these sites.

SCI Ownership	SPS Ownership
Phoenix AA	Toulouse

d. At distribution locations currently owned by SPS, where SPS has agreed to lease space to SCI, the parties will physically split, manage, and operate their respective distribution operations separate from each other. Dual product receiving and shipping systems will be required in these locations.

Location
Munich

e. Distribution location currently under third party service agreements will be physically split and managed separately by both SPS and SCI as of Closing. Specifics on the proportions by which each site will be physically split and how the physical separation

will be achieved will be determined and agreed on by August 1, 1999. Dual product receiving and shipping systems will be required in these locations.

LOCATION (SUBCONTRACTOR)
Narita (Hankyu)
Hong Kong (MSAS)
Singapore-Local/Global (MSAS)
Guadalajara LAFTA (CDI)

SPS and SCI will have separate agreements with the existing third party contractors (MSAS, Hankyu and CDI) as of Closing.

SPS and SCI recognize that the existing lease agreement for the distribution center in Hong Kong will need to be assigned or new contracts established segregating the lease liability. Action item assigned to Evans/Kost to be completed by May 1, 1999.

f. Distribution locations that are currently operated by Motorola on leased sites will be physically split and managed separately by both SPS and SCI effective as of Closing. Specifics on the proportions by which each site will be physically split and how the physical separation will be achieved will be determined and agreed on by August 1,1999. SPS will maintain the existing lease and sublease to SCI under the general lease agreement as long as SPS remains in the site. Should SPS vacate the site prior to SCI, SCI will make the necessary arrangements, with SPS assistance, to establish ownership of the lease agreement, if permitted. Dual product receiving and shipping systems will be required in these locations.

Location
Toronto

g. Distribution centers within existing factories will be owned according to the designated factory site owners beginning on Closing. The following factory DC's will be owned by SCI.

Guadalajara	SBN
Tesla	ISMF
Carmona	SMP

Where SPS owns a factory DC, SPS will ship all SCI product in bulk to the SCI DC specified in the subcontract agreement or as stated in the purchase order. Likewise, where SCI owns a factory DC, SCI will ship all SPS product in bulk to the SPS DC specified in the subcontract agreement or as stated in the purchase order. This also applies to all sales of probed wafers. Dual shipping systems will not be required in these sites.

h. Distribution hubs that are currently operated by third party service providers will be managed separately, effective as of Closing. New third party service contracts will not be

required until termination of the freight agreement. Upon termination of the freight agreement, SCI will contract directly with AEI for the costs associated with the Paris Hub.

Where SPS manages a hub, SCI will transfer out all existing SCI inventory and re-route all SCI product out of that hub by Closing. Likewise, where SCI manages the hub, SPS will transfer out all existing SPS inventory and re-route all SPS product out of that hub by Closing. Dual shipping systems will not be required in these sites.

SCI Management	SPS Management
Paris Hub (AEI)	Leicester Hub (Fed Ex)

i. Taiwan distribution hub, currently owned by SPS, will be transitioned to a third party service provider (Trust). This hub will be brought up under separate SCI and SPS agreements by Closing. Dual product receiving and shipping systems will be required in these sites.

j. Automotive JITs are currently owned, operated or managed by SPS. SPS and SCI recognize the need to share activity costs and management services at some JIT sites, but further cost vs. benefit analysis is required to comprehend if it is financially viable to physically separate a JIT given the volume of SCI activity, or whether it makes more sense for SCI to transfer to a third party contract model. SPS and SCI will form a team to perform the analysis by June 1, 1999. If there should be a sharing of activity cost and management services it will be charged per cost sharing methodology as detailed in section V. SCI will exercise reasonable best efforts to achieve alternative solutions to migrate away from these shared services as soon as feasibly possible. In any event, SCI will migrate current activities prior to the expiration of the two year period beginning as of the date of Closing. Dual shipping systems will be required in these sites.

k. Where other identified or subsequently identified shared services activities exist, SCI and SPS will exercise reasonable best efforts to achieve alternative solutions to migrate away from these shared services as soon as feasibly possible. In any event, SCI and SPS will migrate current activities prior to the expiration of the two-year period beginning as of the date of Closing. Methodologies to cost share these services will be subject to agreement by both entities as it applies to JITs (non-automotive), third party consignment (e.g. VIA), mail, trucking service, receiving, piece parts, etc.

l. SCI and SPS recognize that the costs identified or subsequently identified in j. above may not constitute a material cost or value for either party. Where both parties agree, certain shared services will be continued without cost sharing subject to the expiration time period identified in j., above.

II. SEPARATION OF HUMAN RESOURCES

Today there are shared resources in various distribution centers where the aggregate headcount will be split to support either SPS or SCI.

a. As of Closing, headcount will be split per paragraph e. as follows:

	SCI	SPS	Total
Toulouse	4	8	12

Toulouse also has 34 people who are associated with materials movement, shipping of die and piece parts, etc. Evans/Kost to identify any additional DC headcount to be considered above. SPS shall bear all employee severance costs associated with closing the Toulouse distribution center.

b. As of Closing, headcount in the following locations are assumed to be evenly split as follows:

	SCI	SPS	Total
Narita	8	8	16
Hong Kong	15	16	31
Singapore- Local/Global	2	2	4
Taiwan	3	3	6
Toronto	4	3	7
Munich	18	18	36
Guadalajara (LAFTA)	TBD	TBD	TBD

c. Munich headcount includes 20 Motorola employees and 16 contractors to be split evenly.

d. There are additional Motorola employees (12) and contractors (16) currently under the SCI budget (Hong Kong) supporting manufacturing activity that will be transferred to SPS manufacturing by Closing.

e. Specifics on the proportions and identification of headcount to be split will be negotiated by [April 19, 1999]. Evans/Kost will analyze the resources by location and split the existing headcount using the HR guidelines.

III. SEPARATION OF LOGISTICS RELATED EQUIPMENT

a. By May 1, 1999, Evans/Kost will pursue identification of all existing and additional logistics and distribution hardware, related costs, and develop execution schedules to achieve the requirements for physical and financial separation by Closing.

b. Splitting of the existing physical assets, as provided above, as well as responsibility for the acquisition costs of any new equipment will be split to the proportions identified by the Physical Logistics project team subject to agreement by Kost/Evans. SPS will make a reasonable attempt to identify the current net book value of the existing assets to be split.

IV. SHARED SERVICES

a. In some cases the transition of physical distribution and logistics may not be feasible at Closing given the complexities of physically separating the sites and re-routing flow of product. Consequently, there may be a transition period where shared services are required. What follows is a description of these services. Section V describes the methodology for allocating costs.

b. Description of Shared Services

SCI and SPS agree to provide the following services to each other:

Distribution of finished goods to end customers

Processing that includes pick, pack, and ship functions per customer requirements

Maintaining physical separation of finished goods within shared facilities in compliance with standard audit procedures

Receipt and restocking of bulk shipments in addition to non-product receiving functions

Provision of local transportation (where required)

Maintenance of QS9OOO compliance

Export licensing and compliance.

c. Given the many changes to be effected in the logistics and distribution network, there will admittedly be some level of disruption. SCI and SPS agree to support a process for continuous improvement of service in a manner that is customary of our current performance and operating procedures. For example, a periodic review process will be continued to evaluate quality and OTD problems by location and minimize the impact of any disruption(s) to the customer.

V. METHODOLOGY FOR COST ALLOCATION

a. SPS and SCI will share activity costs and management service costs using a formula that is based on actual shipping activity.

b. The formula is calculated as follows:

1. Using the total line/lines shipped for SCI and SPS by distribution location,

2. SPS line/lines are weighted by an incremental 30% adder,

3. That calculated percentage (1.3) is applied to the total cost of operations for each distribution center to arrive at SCI / SPS allocation of shared expenses.

For example: A distribution location ships 1000 orders per month for SCI and 1000 (equivalent of 1300) orders per month for SPS and has a total cost of $69,000 per month. The total cost would be divided by 2300 orders resulting in a cost of $30 per shipped order. SPS would pay 1300 X $30 to achieve a commensurate cost of $39,000, while the net total cost to SCI would be $30,000.

c. The entity managing the facility will analyze and prepare supporting documentation on a monthly basis to facilitate the billing of services to its counterpart.

d. Services currently provided to SCI under "General Freight" will continue to be provided for a period of three years beginning as of the date of Closing. Freight expense will be charged back to SCI under the allocation methodology utilized for the 1999 Budget. The 1999 Budget methodology allocated freight using SCI's percentage of sales relative to the total sales of SCI and SPS.

For example: SCI monthly sales are $150M and SPS monthly sales are $600M, SCI freight allocation of the "General Freight" expenses would be 20% ($150M of a total of $750M).

ELECTRONIC LOGISTICS

I. CUSTOMER LINKING, LOGISTICS SOLUTIONS AND ADVANCED LOGISTICS SOLUTIONS

a. SPS and SCI Customer Linking, Logistics Solutions and Advanced Logistics Solutions operations will reside, wherever possible, in the same geographical locations physical proximity) for up to the fall duration of the Agreement. Both SPS and SCI designated individuals will have the necessary access to each other's systems for up to the full duration of the agreement. SPS will manage the associated SCI headcount with strategic input from a designated SCI individual throughout the duration of the agreement or until the point in time where the teams are physically split, whichever comes first. This same designated SCI individual will be responsible for facilitation of the SPS management process as well as being the focal point for prioritizing Customer Linking, Logistics Solutions, and Advanced Logistics Solutions activities throughout the duration of this agreement.

II. CUSTOMER LINKING

a. Customer Linking consists of Electronic Data Interchange program management, service model development, and customer engagement programs for the various service models.

b. SPS and SCI will form a team to analyze current Customer Linking resources and determine the required additional resources by task volume, skill set and location. SPS will assign 8 individuals from the existing resources to form the core of SCI's Customer Linking team. SPS and SCI will follow the HR guidelines in determining the actual 8 individuals to be transferred with the intent to transfer individuals that will contribute to SCI's long term success. Individuals to be transferred to SCI will be identified by [April 15, 1999]. If either entity requires additional resources as a result of the task volume, skill set and location analysis, they will hire or assign such resources directly.

III. LOGISTICS SOLUTIONS

a. Logistics Solutions consist of activities associated with the development and implementation of traffic strategies, freight management, The Global Monitoring Environment, JIT activities, and MegaJIT development.

b. SPS and SCI will form a team to analyze current resources and determine the required additional resources by task volume, skill set and location. SPS will assign 2 individuals

to form the core of SCI's Logistics Solutions team. SPS and SCI will follow the HR guidelines in determining the actual 2 individuals to be transferred with the intent to transfer individuals that will contribute to SCI's long term success. Individuals to be transferred to SCI will be identified by [April 15, 1999]. If either entity requires additional resources as a result of the task volume, skill set and location analysis, they will hire or assign such resources directly.

IV. ADVANCED LOGISTICS SOLUTIONS

a. Advanced Logistics Solutions include MegaJIT implementation, third party services development/implementation, and DAN development/implementation.

b. Advanced Logistics Solutions resources are not in place today. SPS intends to continue to pursue advanced logistics solutions as part of their overall service strategy. SCI needs to confirm the program(s) that fit within their strategy.

c. All resources necessary to execute the program(s) will be assumed to be furnished independently by both entities unless a shared services agreement is in place.

d. Programs where we jointly staff the resources or share costs will be formally project managed with a PSG that consists of SCI and SPS members.

Electronic Logistics Personnel to Transfer to SCI:

Robert Boivin
Serena Chan
Susan Gudykuns
Robin Hodgson
Kyomi Kogo
Maria Kriz-Role
Frank Lacagnina
Cheryl Monk
Paul Pierce
John Symons

MOTOROLA LOGISTICS SERVICES - AMENDMENTS

1. In Section I.b ("Separation of Distribution Locations"), in the fourth sentence, the phrase "with costing methodologies identified in Section V." shall be replaced with "with costing methodologies defined at that time."

2. In Section I, paragraph d. shall be replaced in its entirety with the following:

   d. As of Closing, SPS and SCI shall enter into a shared services arrangement to provide distribution support for SCI out of the SPS Munich Distribution Center. SPS will retain all related headcount, equipment, and contractual obligations for third party service providers. SCI will be charged a pro-rated monthly service fee equal to a % of the total cost of operations (labor and operations management,

equipment depreciation, computer access charges, rent for allocated floorspace and overhead). The monthly service fee to be paid by SCI will be determined by a monthly examination of the total line/lines shipped versus the total line/lines shipped for SCI to calculate the percentage of total costs to be paid by SCI. For example, if Munich ships a total of 1000 line/lines in a given month and 500 of these are SCI shipments, the charges to SCI will be 50% of the total cost of operations at the Munich Distribution Center. Upon termination of the shared services arrangement, each of SPS and SCI will be responsible for 50% of employee severance costs. (Such severance costs shall apply only in the event employees are actually terminated at the end of the shared services period.) SPS and SCI will work to limit and reduce future collective exposure by replacing, as necessary due to attrition, etc., permanent employees with contract employees. Dual product receiving and shipping systems will be required in these locations.

3. In Section I, paragraph h. shall be replaced in its entirety with the following:

h. Distribution hubs that are currently operated by third party service providers will be managed separately, effective as of Closing. SCI will initiate a new third party service contract with AEI for the Paris hub activity by the Closing.

Where SPS manages a hub, SCI will transfer out all existing SCI inventory and re-route all SCI product out of that hub by Closing. Likewise, where SCI manages the hub, SPS will transfer out all existing SPS inventory and reroute all SPS product out of that hub by Closing. Dual shipping systems will not be required in these sites.

SCI Management	SPS Management
Paris Hub (AEI)	Leicester Hub (FedEx)

4. In Section I, paragraph g. shall be replaced in its entirety with the following:

g. As of Closing, SPS and SCI shall enter into a shared services arrangement to provide distribution support for SCI out of the Carmel, Colmar and Huntsville automotive JITs. SPS will also provide support through the Chihuahua JIT for 90 days following Closing. SPS will retain all related headcount, equipment, and contractual obligations for third party service providers in these locations. SCI will be charged a pro-rated monthly service fee equal to a % of the total cost of operations (labor and operations management, equipment depreciation, computer access charges, rent for allocated floorspace and overhead). The monthly service fee to be paid by SCI will be determined by a monthly examination of the total line/lines shipped versus the total line/lines shipped for SCI to calculate the percentage of total costs to be paid by SCI. For example, if the JIT's ships a total of 500 line/lines in a given month and 250 of these are SCI shipments, SCI costs will be 50% of the identified automotive JIT costs including management costs, unless SCI staffs these positions internally. SPS and SCI recognize the need to

migrate these functions to separate third party solutions as soon as feasibly possible. In the case of Chihuahua, this migration must occur within 90 days of Closing. In any event, SCI will migrate the balance of all current activity prior to the expiration of the two year period beginning as of the date of Closing. Dual shipping systems will be required in these sites.

ANNEX D

MOTOROLA FINANCE SERVICES

I. This Term Sheet sets forth the terms and conditions pursuant to which Motorola shall provide reporting, accounting and other finance-related services as described herein ("Finance Services") to SCI following Closing. The description of services and fees to be charged for the Finance Services is detailed below and in the "Regional Plans" for the Americas, Europe and Asia, which is attached hereto as Exhibit A. The "Business Plan" to transition services and personnel to SCI over time is attached hereto as Exhibit B.

II. Definitions

A. "Share Service Period" shall mean the 11 (eleven) fiscal months after Closing.

B. "Extended Shared Service Period" shall mean the 24 (twenty-four) fiscal months after Closing.

C. "Shared Services" shall mean those Finance Services to be provided by Motorola to SCI hereunder and which are designated as such in the Regional Plans.

D. "Management Services" shall mean the management oversight and direction to be provided by Motorola over SCI finance personnel during certain periods designated herein.

E. "Management Fee" shall mean a mutually agreed flat fee to be paid by SCI to Motorola on a function-by-function basis. Management Fees for individual Finance Services are designated in the Regional Plans and the Business Plan.

F. "Training Services" shall mean the training and guidance to be provided by Motorola to SCI, at SCI's request, up to the last day of the Extended Shared Service Period.

G. "Consulting Services" shall mean the operational, business and strategic advice and services to be provided by Motorola to SCI, at SCI's request, up to the last day of the Extended Shared Service Period.

H. "Reasonable Efforts" means the obligated party is required to make a diligent, reasonable and good faith effort to accomplish the applicable objective. Such obligation, however, does not require that the obligated party act in a manner which would otherwise be contrary to prudent business judgment in light of the objective attempted to be achieved. The fact that the objective is not actually accomplished is not dispositive evidence that the obligated party did not in fact utilize its Reasonable Efforts in attempting to accomplish the objective.

III. Finance Services

A. The Regional Plans. The Regional Plans list and describe the categories of Finance Services, specify the fees and/or charges applicable to such services, and indicate whether such service is subject to the Shared Service Period or the Extended Shared Service Period.

B. The Business Plan. The Business Plan lists the various finance functions for which Motorola will provide Management Services to SCI and indicates the parties' timetable to transition each finance function to SCI. The parties intend to carry out the business planning efforts and fulfill the personnel needs required to meet the milestones on which specific finance functions are intended to transfer to SCI. The parties acknowledge, however, that it may not be possible to transition all of the finance functions to SCI within the planned timeframes. In such event, Motorola shall provide SCI with Management Services for a period not to exceed the Shared Service Period. These periods are intended to allow reasonable time for SCI to develop capability and expertise that will enable SCI eventually to perform its own finance functions. Motorola shall, in no event, be obligated to provide Management Services, beyond the Shared Service Period.

IV. Fees/Charges

A. The Americas. Unless otherwise stated herein, the following fees/charges shall apply to Finance Services in the Americas:

- Management Fee - As specified on function-by-function basis.
- Training Services - $30/hour
- Consulting Services - $50/hour
- Other - Fees/charges unique to a function or service are indicated in the Regional Plans.

B. Europe. Unless otherwise stated herein, the following fees/charges shall apply to Finance Services in Europe

- Management Fee - As specified on function-by- function basis.
- Training Services - $50/hour
- Consulting Services - $80/hour
- Other - Fees/charges unique to a function or service are indicated in the Regional Plans

C. Asia Pacific. Unless otherwise stated herein, the following fees/charges shall apply to Finance Services in Asia Pacific:

- Management Fee - As specified on function-by-function basis
- Training Services - $40/hour
- Consulting Services - $70/hour.
- Other - Fees/charges unique to a function or service are indicated in the Regional Plans.

D. Expenses. All fees and charges described herein exclude the out-of-pocket expenses incurred by Motorola personnel providing the Finance Services. Expenses incurred with the prior consent of SCI (which consent shall not be unreasonably withheld) shall be charged back to SCI, provided they are reasonably substantiated by Motorola. Motorola shall provide SCI with a monthly statement detailing the fees/charges for Management Services, Training Services and Consulting Services provided by Motorola hereunder. SCI will render payment within 30 days after the date of the monthly statement. In the event that Motorola pays third parties for goods or services on behalf of SCI, SCI shall reimburse Motorola with same day funds. SCI's statements to Motorola for reimbursement of recruiting and hiring costs shall include a reasonable level of detail necessary for Motorola to substantiate the relevant charges.

V. Personnel

A. SCI's Personnel Needs. The parties recognize that it is essential for SCI to begin immediately building its finance organization, including, as per the Business Plan, hiring additional employees to fulfill SCI's staffing needs prior to Closing. The Business Plan (i) identifies (by name) those individuals currently within SCI's finance organization who will remain within SCI's finance organization following Closing; (ii) identifies (by name) those individuals currently within Motorola's Finance organization who will transfer to SCI's finance organization as of Closing and; (iii) indicates (by function) the number of additional employees that Motorola will hire and train on behalf of SCI (with SCI's input and consent), it being understood that such employees will transfer to SCI as per the Business Plan. To the extent additional employees are required to fulfill SCI's personnel needs, the parties shall work together to recruit and hire such employees in accordance with the Business Plan.

B. Transfer of Personnel. All personnel designated as SCI employees - including those currently in SCI's finance organization, those designated to transfer from Motorola to SCI, and any new employees hired into SCI's finance organization from now until Closing - shall transfer to SCI on Closing. Prior to Closing and for so long as Motorola is providing Management Services, the SCI employees

performing the finance functions described in the Business Plan shall be seconded to Motorola and shall act under the management and direction of Motorola. During such time, Motorola and SCI shall work together as one finance organization to perform the finance functions identified in the Regional Plans and Business Plans and, ultimately, to develop the knowledge and capability that will enable the eventual transition of finance functions from Motorola to SCI. To the extent that SCI's personnel needs (as detailed in the Business Plan) have not been fulfilled by Closing, and Motorola is, at the time, providing Management Services to SCI, Motorola shall have the right to hire additional employees or use its own employees to complete SCI's personnel needs in a functional area. Any such employees shall be either (i) employees hired on behalf of SCI (with the input and consent of SCI) and seconded to Motorola; (ii) employees hired and managed by Motorola to perform finance functions for SCI; or (iii) Motorola employees. In the case of (ii), Motorola shall be entitled to charge SCI for the personnel costs of such individuals in accordance with the Business Plan, in addition to the applicable Management Fee. In the case of (iii) above, Motorola shall be entitled to charge SCI for the individuals who have not been hired in accordance with the Business Plan, in addition to the applicable Management Fee. In any event, all recruiting, hiring and training costs, whether incurred pre- or post-Closing, for the number of additional employees necessary to fulfill SCI's staffing needs (as per the Business Plan), shall be borne entirely by Motorola.

C. Training Services. During the Shared Service Period, Motorola shall not charge SCI for Training Services provided in connection with training the number of employees in each functional area who have been hired to fulfill SCI's staffing needs pursuant to the Business Plan. Thus, for example, Motorola may not charge SCI for Training Services provided for the two additional accounts receivables employees hired into SCI's finance organization as per the Business Plan. Motorola shall, however, be entitled to charge SCI for Training Services associated with a third accounts receivables employee or to train a replacement employee.

VI. Miscellaneous

A. Motorola shall not be obligated to provide SCI with Shared Services, Management Services, Training Services, or Consulting Services for finance functions that differ from Motorola's operating policies, procedures, and processes.

B. The parties shall exercise Reasonable Efforts to achieve the objectives set forth in the Business Plan.

C. SCI may terminate (i.e., transition to SCI or third party) any Management Services or Shared Services upon 30 days prior notice as follows:

Notice To: Motorola, Inc.
3102 N. 56th Street
Phoenix, AZ 85018
Attn: Sector Controller

Motorola shall not be obligated to provide Management Services for a function that is terminated. Following termination of a Management Service, SCI personnel seconded to Motorola to perform the terminated service shall return to SCI. Accordingly, Motorola shall cease charging the Management Fee associated with a service that is terminated.

D. SCI recognizes that it may not be possible for Motorola to perform SCI's monthly, quarterly and yearly financial closes simultaneous with that of Motorola's financial closes. Accordingly, Motorola shall perform SCI's financial closes as soon as possible after its own, but in any event no later than (i) 30 days after Motorola closes its own financial books during the first three months following Closing and (ii) 14 days after Motorola closes its own financial books during each subsequent month after the first three months following Closing. Over time, after the parties have gained experience in closing the financial books of SCI as an independent company and after Y2K, the parties expect the time required to close SCI's financial books will decrease. Training Services and/or Consulting Services provided by Motorola shall, at all times, be on a reasonable, "as-needed" basis, as requested by SCI. The use of services by SCI and the provision of services by Motorola hereunder shall, at all times, be consistent with the goals of implementing the smoothest possible separation of SCI from Motorola, limiting the impact of such separation on SCI's and Motorola's customers, and enabling the eventual transition of finance functions from Motorola to SCI.

E. In the event that Motorola does not elect the outsourcing option provided in the Transition Services Agreement and therefore provides Management Services in respect of the credit function, the foreign exchange function, the treasury function, SEC reporting, and transfer pricing, Motorola's role shall be limited to coordinating and executing the decisions made by SCI in respect of such functions. Provided Motorola properly coordinates and executes SCI's decisions in respect of such functions, Motorola shall have no liability in connection with exposure forecast, authorization for actual trades and liability under federal, state, foreign or other applicable securities laws. Motorola shall require written authorization from SCI's Chief Financial Officer or his designee prior to executing any decisions in the critical finance areas referenced in this paragraph.

F. Prior to Closing, Motorola may, at its sole option, elect not to provide Management Services and instead must assist SCI in outsourcing one or more of the following functions: the corporate tax function, the corporate accounting and

reporting function and/or the corporate treasury function (the "Outsourced Finance Service"). In the event Motorola makes such election, (i) Motorola shall reimburse SCI during the Shared Service Period to the extent SCI's total costs, fees and expenses exceed $500,000 on an annual basis, plus the costs SCI would have incurred had Motorola provided Management Services for such functions (i.e., the Management Fee SCI would have paid for management of the corporate tax, treasury and corporate accounting and reporting functions by Motorola and the personnel costs SCI would have incurred in connection with these finance functions); and (ii) SCI shall select, with Motorola's consent (which consent shall not be unreasonably withheld), a qualified third party to perform such Outsourced Finance Service. Motorola shall assist SCI in selecting an appropriately qualified third party provider and transition the Outsourced Finance Service to such provider in a timely and professional manner. SCI shall be responsible for managing and directing the third party selected to perform the Outsourced Finance Service. Motorola shall reimburse SCI the difference referenced in subparagraph (i) above in accordance with the billing and payment procedures detailed in the Transition Services Agreement.

G. Except for the Finance Services described in paragraph F. above, Motorola shall not outsource any Finance Services to be provided to SCI hereunder. Motorola shall, however, retain its right to subcontract any Finance Service described herein pursuant to the subcontracting terms of the Transition Services Agreement.

H. The parties recognize that as circumstances surrounding Implementation of the Business Plan and Regional Plans change, it may be necessary to amend these plans accordingly, subject to mutual agreement between the parties. Unless otherwise agreed between the parties, any such amendments shall be subject to the terms and conditions set forth herein.

I. The parties recognize that the description of each Finance Service, as set forth in the Regional Plans, is intended to capture all of the finance functions necessary for SCI to operate as a company separate from Motorola. Whether or not specifically listed, the description of each "Finance Service" shall include any and all tasks and support reasonably necessary for SCI to perform its finance functions on an independent, stand-alone basis.

ANNEX E

MOTOROLA SUPPLY MANAGEMENT SERVICES

I. GENERAL

a. The Supply Management organization currently exists as one centralized organization within SPS. The separation of SCI will require that the Supply Management organization be divided into two functional and self-sustaining organizations to independently support SPS and SCI. Consequently, the need for a shared service environment has been minimized.

b. The separation of the global supply management function between SPS and SCI and the ability for SPS and SCI to initiate requirements with suppliers as separate functional organizations has a critical dependency on the successful cloning of all existing procurement, payables and receiving systems by Information Technology.

c. Cloning requirements for procurement, related payables and receiving legacy mainframe systems include but are not limited to the following applications: Vendor Stocking Program (VSP), EZREQ, SSDB, Jerboa, User and Authorization tables, CHAPS, RIMS.

II. DIVISION OF HUMAN RESOURCES

a. SPS and SCI agree that the supply management headcount, which currently supports wholly owned SCI sites, will transfer to SCI Supply Management as identified in item (c) below.

b. SPS and SCI agree that the transfer of headcount will be coordinated in a time-phased approach to ensure relative continuity of supply management functions and responsibilities within the respective organizations. Ibis becomes especially critical where there will be a need to hire and train new personnel to backfill key positions in both SPS and SCI organizations. The time-phased plan for headcount transfers will be mutually agreed on. All transfers will be completed by August 1, 1999.

c. The sites targeted for headcount transfers to SCI and their current census transfers are as follows:

Site	Est. Census
Aizu	4
Carmona	4
Guadalajara	12
Phoenix	15
Seremban	15

d. Specific identification of employees to be transferred to the SCI Supply Management organization has been completed and agreed on. See attachment A.

e. There is a transfer of Supplier Quality/Incoming Inspection employees from the existing SCI Continuous Improvement Organization to SPS Supply Management that is currently being negotiated, but is not included within the scope of this document.

III. TRAINING REQUIREMENTS

a. In general, limited training will be required given that SPS will transfer resources to SCI with similar basic skills that are currently supporting SCI requirements.

b. There is however a situation where only one employee possesses a specialized skill set that is required in both SPS and SCI; procurement systems support administrator. It has been agreed that SPS will retain this employee, but SPS will ensure that an SCI employee is adequately trained either by that employee or by an identified outside consultant. Training for the new SCI procurement systems support administrator will be completed before August 1, 1999. It is agreed that this individual to be trained will not be one of the core team resources currently assigned to the Supply Management separation program.

IV. SEGREGATION OF PURCHASE COMMITMENTS

a. All current SCI financial commitments for business services have been issued by Motorola SPS. An evaluation is currently underway to clearly identify and segregate SCI-specific Purchase Order commitments from those of SPS. This evaluation is being performed for each key commodity.

b. An assessment of each key commodity is underway to develop the plan which prioritizes those key suppliers which will have to be contacted and agreements renegotiated to effect the SCI separation. Communication to these suppliers will commence upon Motorola's release of the announcement to customers and suppliers regarding SCI separation.

c. Prior to close, SPS and SCI supply management organizations intend to jointly leverage their collective bargaining power to renegotiate key supplier agreements, where renegotiations may be necessary. Where Motorola SPS is expected to transfer an agreement, contract or purchase order to SCI, and where SPS retains the primary liability to the supplier, Motorola will control and make the final decisions on terms and conditions of the agreement.

V. LEASE OBLIGATIONS

a. All current SCI financial commitments for leased items have been issued by Motorola SPS. An evaluation of existing lease obligations is underway to identify the SCI lease liabilities that will require transfer to SCI on Closing.

b. Upon Motorola's release of the announcement to customers and suppliers regarding SCI separation, SPS and SCI Supply Management organizations intend to jointly work with suppliers to legally transfer SCI-specific lease obligations to SCI.

c. In the event lessors are not willing to legally transfer obligations to SCI, then alternate arrangements including, but not limited to, assignment or buyout will be jointly pursued

by the parties.

d. In the event existing lease obligations are not legally transferred, assigned or bought out, SPS will continue to pay existing lease obligations on behalf of SCI and separately bill SCI for the lease amount. In addition, SCI will be responsible for complying with the existing terms including, but not limited to, all provisions related to the return of the leased equipment or failure thereof.

e. Due to the mobile nature of certain leased assets (e.g., personal computers) a physical inventory of SCI leased assets will be performed to correlate the quantity of physical assets to their corresponding financial obligations and the return of equipment at the end of the lease. This is to ensure that each entity is financially obligated only for the physical assets which they are responsible for.

VI. SYSTEMATIC CHANGES TO PURCHASE COMMITMENTS

a. The cloning of the procurement system(s) will populate the relevant SCI EZREQ purchase orders into the SCI system, and a clean up of non-SCI related purchase orders will be executed. Likewise, SPS will commit to assist as best as possible in the 'clean-up' of P.O. data in the respective systems to reflect SPS and SCI as separate.

b. It should be noted that the majority of 'non-production' purchase orders are currently charged against specific departments that are either SPS or SCI owned. This existing practice will help facilitate the systematic migration and 'clean-up' of purchase orders from the SPS system and the SCI cloned system.

RULES OF ENGAGEMENT FROM DATE OF CUTOFF

a. As of Closing, the Supply Management organization (SPS or SCI) responsible for a given business unit or production facility will be accountable for that organization's full procurement cycle. The full procurement cycle includes negotiation, ordering, inventorying, and receipt.

b. As of Closing, all new SCI purchase commitments and the related financial liabilities will be issued from the SCI procurement system(s), except where Motorola provides lease space service type arrangements to SCI (e.g. low dollar office supply type transactions) for remote sales office locations in Europe and parts of Asia.

c. An accurate assessment of the impact to current pricing for SPS or SCI as a result of renegotiations will not be possible until communications with suppliers can be established. Needless to say, renegotiations of new terms will be made attempting to maintain current pricing. The level of risk and magnitude of impact to SCI's cost structure however is unknown at this time.

d. To ensure full continuity of the procurement cycle (order, receipt and payment) for SPS and SCI, both entities agree that the existing receiving systems and processes will not change as long as the two entities are interdependent on shared services, or that they mutually agreed upon.

e. All Year 2000 equipment upgrades are currently being administered by SPS, and this will not change with separation due to its short-term nature. The intent is for SPS to maintain primary responsibility for the supplier interface and payment. SPS will then charge SCI for their cost of the upgrades.

f. Receiving Cutoff. This point is added for clarification as to how liabilities for goods and services will be accounted for prior to and beyond date of cutoff. Physical receipt of goods or completion of services provided is the determining factor of which entity should bear the liability. The fundamental principle is that the determination of whether it should be an SPS or an SCI liability is predicated on the date goods are physically received or the date services are completed, and not the ship date, invoice date, or the actual date the receiving transaction is completed. All receipts on or before July 31, 1999 are SPS liabilities. As of Closing, each entity will assume liability for its own receipts.

g. Supplier Managed Inventory. SPS has supplier managed inventory (SMI) agreements with the majority of its raw materials suppliers. SPS will negotiate with the respective common suppliers to ensure continuity of the current SMI strategy for both entities. As of Closing, each entity will assume their respective liabilities per the SMI agreements such as slow moving and obsolete inventory. Alternate arrangements for shared liability will apply in Seremban where there is a sub-contract arrangement for assembly/test services between SPS and SCI per the Manufacturing Agreement.

h. No shared services required in Phoenix. Given the uniqueness of how Phoenix will be owned and managed by SPS and SCI respectively, we have added this point as a matter of clarification on how responsibilities will be segregated in Phoenix as of Closing.

i.

(i) It will be the responsibility of SCI to provide Supply Management support to its respective operations and employees in the Phoenix area including SCI U.S. sales offices.

(ii) It will be the responsibility for SPS to provide Supply Management support to its respective operations and employees in the Phoenix area including SPS U.S. sales offices.

SHARED SERVICES

a. General

The complete cloning of the procurement systems has limited the need to share services. Given the lack of an existing SCI supply management infrastructure in Europe and Hong Kong, it may be more reasonable and cost efficient for SPS to provide SCI with services in these locations for a period of time.

b. Europe

(i) SPS supply management shall provide shared services to SCI Supply Management in Toulouse for SCI Order Fulfillment organization (approximately 130 people), and the 8 sales offices in the region (approximately 70 people). Such shared service will be provided for up to one year. SCI Supply Management will have the responsibility for hiring a person to take on the services.

(ii) In this agreement, during the period of such shared services SPS Supply Management will set up SCI users/requestors in the region to allow them the ability to requisition/order items from the regional SCI cloned EZREQ and Vendor Stock Program (VSP) catalog system.

(iii) Description of Shared Services: SPS Supply Management will provide the following services for SCI utilizing the cloned SCI procurement systems (EZREQ and VSP):

- Set up SCI users/requestors in Europe to order items from the VSP catalog.
- Set up SCI users/requestors in Europe to requisition items via the EZREQ system.
- Establish new suppliers in the Supplier DataBase (SSDB) required supporting SCI operations in the region.
- Purchase items at the SPS negotiated price where possible. Place the POs, follow up with the suppliers, and negotiate as mutually agreed. Reconcile commercial issues required as part of standard Supply Management support.
- Make reports available as required to SCI requester/user departments that provides open and closed order details for EZREQ and Vendor Stock transactions.

(iv) Related Charges. SCI will pay for all goods and services purchased from the SCI purchasing systems, In addition SPS will charge SCI a monthly fee (see summary of charges in section D below) equal to the average monthly salary for an SPS supply management person supporting support this operation. The charge for this service will be effective upon closing.

(v) In order for SCI to transition out of the shared service arrangement per (v) above, SCI will need to hire its own resource as soon as possible. SPS agrees to assist SCI in the recruitment process of this individual which includes the identification of candidates, interviewing and screening, and recommendation.

c. Asia

(i) SPS supply management will provide shared services to SCI Supply Management in Hong Kong beginning on or before August 1, 1999 to support the SCI Logistics Operations organization (approximately 110 people), and the sales offices located in Hong Kong and China (approximately 24 people). These services will be provided in a manner substantially the same as those provided in Europe as discussed in the previous section of this term sheet.

(ii) In this agreement, SPS Supply Management will set up SCI users/requestors in the region to allow them the ability to requisition/order items from the regional cloned SCI EZREQ and Vendor Stock Program (VSP) catalog system.

(iii) Description of Services: SPS Supply Management will provide the following services for SCI utilizing the cloned SCI procurement systems (EZREQ and VSP).

- Set up SCI users/requestors in the Hong Kong region to order items from the VSP catalogs.
- Set up SCI users/requestors in the Hong Kong region to requisition items via the EZREQ system.
- Establish new suppliers in the Supplier DataBase (SSDB) required supporting SCI operations in the region.
- Purchase items at the SPS negotiated where possible.
- Place the POs, follow up with the suppliers, and negotiate as mutually agreed. Reconcile commercial issues required as part of standard Supply Management support.
- Make reports available as required to SCI requester/user departments that provides open and closed order details for EZREQ and Vendor Stock transactions.
- Procure and consign required piece parts for Leshan (approx. $8 million per year) and execute the CHAPS P.O. to Leshan on behalf of SCI for the contracted value added assembly/test services provided. It is recognized that the Leshan Joint Venture arrangement may change to a buy/sell relationship and consequently Leshan may procure and inventory their own materials. When and if this should happen, the need for this portion of the shared services would no longer be needed.

(iv) Related Charges. SCI will pay for all goods and services purchased from the SCI purchasing systems. In addition SPS will charge SCI a monthly fee equal the average monthly salary for an SPS Supply Management employee in this region.

(v) In order for SCI to transition out of the shared service arrangement described above, SCI will need to hire its own resource as soon as possible. SPS agrees to assist SCI in the recruitment process of this individual which includes the identification of candidates, interviewing and screening, and recommendation.

d. Summary of Shared Service Charges

SPS charges to SCI.

Europe:

Shared Service cost ($9600 per month) per description of services in section B (iii) above.

Asia:

Shared Service cost ($5000 per month)
Detail of $5000 per month in Asia is as follows: $4166 per month for general support per description of services in section C (iii) above and $833 per month for Leshan procurement support also per description of services in section C (iii).

e. Other Support.

(i) On the Closing Date, SPS will transfer Julie Conway to SCI on the same terms and conditions as SPS is transferring other employees to SCI on or before the Closing Date, provided that SCI will second her back to SPS for a period of one year following the Closing Date.

(ii) SPS supply management will, at SCI's request, provide support in the areas of (i) piece parts support (ii) software and (iii) inventory management. SCI may hire people to work along side the current SPS supply management personnel assigned to lead the functions described in (ii) and (iii) for SPS for a period of up to one year following the Closing Date. SCI will pay all costs associated with the people it hires under this provision. SPS supply management will have no obligation under this paragraph in the event that SCI does not hire the people referred to in this paragraph ii.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
UNITED STATES			
Accounts Payable	Motorola to provide Management Services for no longer than term of Shared Service Period.	Invoice Processing, check request processing, utility payments, supplier debit/credit memos, supplier statement reconciliation, mailroom services, freight invoices, procurement cards, air ticket payments, pager payments, fleet payments, domestic payments, foreign payments (netting), electronic funds transfer administration, self-billing administration, supplier database administration, exception wire transfers, on-line checks, general ledger account analysis, aged liabilities, electronic authorization request reports, duplicate payment reconciliation, debit balance reconciliation, petty cash, air ticket distribution, supplier inquiries, table maintenance/approval, invoice error correction, interface with supply management, interface with end users, accrual calculation, voided payments and reissues, unclaimed payments cashier audits, performance metrics, training, microfilming, microfiche, journal vouchers, supervision of personnel, performance evaluations to 1099 tax reporting, general ledger account reconciliations.	Management Fee is $3,000 per month
Capital Accounting	Motorola to provide Management Services for no longer than term of Shared Service Period.	Capital accounting, reserves analysis and reporting, property pass administration, batch system processing, AMOS system administration and approvals, SCG cost and reserves analysis/reconciliation, online journal entry functionality, coordination of periodic physical inventories, asset tagging, clearing suspense accounts (where applicable).	Management Fee is $1,000 per month.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
Travel	Motorola to provide Shared Services for no longer than term of the Extended Shared Service Period.	Travel and non-travel expense statements processing, receipt and logging of travel receipt envelopes, service line support during published hours for questions and advice, accounting of cash advances and payroll deductions, administration of credit cards, distribution of travel tickets.	$8.00 per expense statement.
Payroll	Motorola to provide Shared Services for no longer than term of the Extended Shared Service Period.	Time entry, payroll processing, employee questions, tax reporting, check distribution, garnishment administration, payroll deduction for delinquent travel advances, relocation advances and reporting, commission payment, general ledger account reconciliations and analyses.	Shared Services will be charged at $175 per employee pay slip.
Fleet Management	No Shared Service, as SCG will administer its own employees on company-owned and employee-owned car programs as of Closing.	N/A	N/A
Accounts Receivable/ Distributor Credit Support/Credit	Motorola to provide Management Services for no longer than term of Shared Service Period.	Determine credit lines, monitor customer activity, collect outstanding receivables, resolve discrepancies, with customers and internal departments, supply management reports on weeks of receivables, delinquency, bad debts, process adjustments to customer accounts, apply cash, coding changes, general ledger interface for sales/receivables, general ledger account reconciliations, JERBOA billings, control-audit of CARMS, billing system interface, billing and credit adjustments, record retention, monitor customer accounts for payments, investigate and resolve disputed items, monitor and support marketing programs for distributors.	Management Fee is $6,400 per month.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
Contracts	Motorola to provide Management Services for no longer than term of Shared Service Period.	Oversee contract and NDA administration. Training on WEB system and maintenance. Provide advice and training on claims settlement.	Management Fee is $2,500 per month. Consulting Services will be billed at $75 per hour.
Policies and Government Compliance/Import & Export Controls	Motorola to provide Management Services for no longer than term of Shared Service Period.	Policies & Gov't Compliance: Awareness training on government compliance issues including gov't contract classifications and responsibilities. Training on policies, WWCM and WEBSITE. Import/Export: Training in export controls compliance including foreign nationals, EECN coding and classification.	Management Fee is $5,000 per month; Consulting Services will be billed at $75 per hour.
Reserves	Motorola to provide Management Services for no longer than term of Shared Service Period.	Training an WEB maintenance, set it of SCG administrator.	Management Fee is $800 per month.
Foreign Exchange Function	Motorola to provide Management Services for no longer than term of Shared Service Period.	High level review of consolidated SPS exposures as well as U.S. inputs, all trades must be authorized by SCG.	Management Fee is $3,100 per month; Consulting Services will be billed at $75 per hour.
Foreign Exchange System	Motorola to provide Shared Services for no longer than term of Extended Shared Service Period.	Set up SCG as an entity in the foreign exchange system, provide and maintain access rights to the foreign exchange system (CHARTS, TAURUS).	Charges for use of foreign exchange systems will be based on actual cost (i.e., current methodology), not to exceed $10,000 per month.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
Tax	Motorola to assist SCG in setting up an outsourcing arrangement for the Shared Service Period.	Federal tax, State and local sales and use tax, excise tax, property tax, international statutory and tax reporting requirements, international tax reporting package (ITRP), foreign sales corporation (FSC), compliance audits, transfer pricing, other miscellaneous tax filing requirements, record retention, accounting for income taxes. Paradox or current SPS system will be used. This includes the portion of these functions Performed in the Regions.	Management Fee is $8,000 per month; SPS Consulting Services will be billed at $75 per hour and Motorola Consulting Services will be billed at $150 per hour.
Treasury Function	Motorola to assist SCG in setting up an outsourcing arrangement for the Shared Service Period.	Cash management, debt financing, letters of credit, guarantees, facilitating pension transition reporting requirements, insurance policies, establishing and maintaining bank accounts. This includes the portion of these functions performed in the Regions.	Management fee is $2,500 per month. Consulting Services will be billed at $150 per hour.
Treasury System	Motorola to provide Shared Services for no longer than term of Extended Shared Service Period.	SCG will be set up as a separate entity in the netting system. The Netting Center will consolidate and pay SCG inputs. Monthly netting reports will be provided.	Charges for use of the treasury system will be based on actual cost (i.e., current methodology), not to exceed $35,000 per month.
Cost Accounting/Transfer Pricing	Motorola to provide Management Services for no longer than term of Shared Service Period.	Cost: Train and consult on cost systems, transfer of close responsibility back to Phoenix. LTP: Maintain and update transfer pricing (for SCG, training on system and tables, troubleshooting, consulting on methods and policy).	Management Fee is $4,000 month.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
Entity/Intercompany Accounting/Consolidation	Motorola to provide Management Services for no longer than term of Shared Service Period.	Department maintenance, consolidations, reporting and intercompany functions including netting, legal and operational close, and external audit interface.	Management Fee for SPS is $3,000 per month; Corporate consulting services will be billed at $75 per hour.
Corporate Accounting and Reporting	Motorola to assist SCG in setting up an outsourcing arrangement for the Shared Service Period.	Evaluation and hiring of External Auditor Firm. Financial Statements - Profit and Loss Statements, Cash Flow, Balance Sheets, Financial Analysis. Adoption of Accounting Standards or implementation of new Accounting Standards. Financial statements or other financial reports required by Financial institutions or debtors. External reports required by the SEC such 10Q's, 10K'S or Other registration documents. Motorola will clone the Year-End Work Papers (YEWP) system and, pursuant to the terms of the Information Technology Term Sheet, obtain or assign any licenses or sublicenses necessary for SCG to operate the YEWP system. Motorola will provide training but, no ongoing systems maintenance. To the extent applicable, SCG will be responsible for ongoing licensing or maintenance fees. This includes the portion of these functions performed in the Regions.	Corporate consulting services will be billed at $150 per hour.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
Corporate Audit	Motorola to provide Shared Services for no longer than term of Extended Shared Services Period.	Complete audit per SCG specifications, according to Motorola SIC. Will include: year-end audit test work (if existing auditors are used), audits by site utilizing substantive and attribute testing methodologies in accordance with GAAS, audit reports summarizing, where applicable, improprieties detected and/or internal control weaknesses, performing system development reviews and audits, training.	Charges will be billed at Motorola's actual cost per audit, plus any out-of-pocket expenses incurred during the course of the audit.
Internal Controls	Motorola to provide Management Services for no longer than term of Shared Service Period.	Inventory audit and SAT support. Training its required and limited audit support.	Management Fee is $2,000 per month.
Forecasts/Budget/ESY	Motorola to provide Management Services for no longer than term of Shared Service Period.	Training on system consolidation routines and maintenance as required. MOPLACS consolidations.	Management Fee is $800 per month.
MEXICO			
All functions	Motorola to provide Management Services for no longer than term of Shared Service Period.	Payroll, accounts payable, travel, general ledger, closing, statutory reporting, capital accounting, currency management, legal transfer price, insurance, and A/R-Credit.	Management Fee is $3,000 per month.
CANADA			
All functions	Motorola to provide Management Services for no longer than term of Shared Service Period.	General ledger, statutory reporting, capital accounting, currency management, legal transfer pricing, petty cash, travel, payroll, and accounts payable.	Management Fee is $3,000 per month.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
BRAZIL/PUERTO RICO			
All functions	Motorola to provide Management Services for no longer than term of Shared Service Period.	Payroll, accounts parables, capital and travel including JV detail to be done by Motorola Corporate. Motorola Corporate will pass details to Phoenix for entry into SCG systems. Credit, accounts receivable, foreign exchange and statutory.	Management Fee is $3,000 per month.
Accounts Payable	Motorola to provide Management Services for no longer than term of Shared Service Period.	Pre-audit and input of all invoices into RIMS, payment for all purchases of material and services, vendors will be paid via corporate netting or other Motorola payment methods, preparation of accounts analysis, statement of reconciliation, electronic automatic receipts must be used, new vendor validation and changes to existing suppliers, liaison with suppliers, segregation of SCG invoices lobe delivered at end of Shared Service Period, fleet car payments, VAT declarations and inquiries.	Management Fee is $2,000 per month.
Capital Accounting	Motorola to provide Management Services for no longer than term of Shared Service Period.	Capital accounting for SCG in EKB, Toulouse and Munich, reconciliation and capitalization process, approval of Ezreqs Work Orders and JERBOAS, account analysis, balance sheet forecasts, physical audit of assets, ad hoc reports, correspondence and queries as required, month-end close of workload and general system maintenance.	Management Fee is $2,000 per month.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
Travel	Motorola to provide Shared Services for no longer than term of Extended Shared Service Period.	Receipt and logging of travel receipt envelopes, service line support during published hours for questions or advice, processing of travel expense statements utilizing Motorola's travel policy, processing of non-travel expense statements, administration of credit card for SCG employees and segregation of SCG statements to be provided to SCG at end of Extended Shared Service Period.	For the UK, France, Germany and Switzerland, the charge is $15 per statement. Flat fee at $1,000 per month for all of the following: Ireland, Netherlands, Finland, Slovakia, Spain, Italy, Sweden, Israel and the Czech Republic.
Payroll (France)	Motorola to provide Shared Services for no longer than term of Extended Shared Service Period.	At Closing, Motorola will create a new company with a social security center and new employees. Motorola will work with the subcontractors to implement the payroll for the new company, including payroll treatment, accounting and payment, social and legal declarations, audit responsibility (internal and external), pay slip distribution, loans, illness, pension and all rewards, process accruals, insurance and car fleet management, holidays, time entry.	Shared Services will be billed at $4,600 per mouth plus the actual external outsourcing costs.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
Payroll (all other)	Motorola to provide Shared Services for no longer than term of Extended Shared Service Period.	Time entry, payroll processing, employee questions, tax reporting, check distribution, garnishment administration, payroll deduction for delinquent travel advances, relocation advances and reporting, commissions, account reconciliations and analyses.	Shared Services will be billed at $9,000 per month for total countries, plus actual external outsourcing costs. Includes the following countries: Ireland, Netherlands, Finland, Spain, Italy, Sweden, Israel , Czech Republic, UK, Germany, Switzerland.
Credit/Collections/ Accounts Receivable	Motorola to provide Receivable Management Services for no longer than term of Shared Services Period.	Determine credit lines, monitor customer activity, collect outstanding receivables, resolve discrepancies with customers and internal departments, supply management reports on weeks of receivables, delinquency, bad debts, process adjustments to customer accounts, apply cash, coding changes, general lodger interface for sales/receivables, general ledger account reconciliations, JERBOA billings, control-audit of CARMS, billing system interface, billing and credit adjustments, record retention, monitor customer accounts for payments, investigate and resolve disputed items, monitor and support marketing programs for distributors.	Management Fee is $6,400 per month

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
Foreign Exchange Function	Motorola to provide Management Services for no longer than term of Shared Service Period.	Collection of raw exposure inputs, analysis of raw inputs and comparison to trends, input of hedge requirements into CHART for hedge submission, verification that hedges are taken out as per CHART inputs, analysis of actual exposure results, monthly reporting of exposure results, posting of all associated journal entries, and monitoring exposure forecast tilt throughout the month to identify potential concerns.	Management Fee is $3,200 per month.
General Ledger/Closing	Motorola to provide Management Services for no longer than term of Shared Service Period.	Performing monthend legal & operational closing, consolidating entity results, complying with GAAP, facilitating the collection and reporting of quarterly and annual supplementary information for financial statement preparation and disclosure (i.e. utilization of the year-end Workpaper Package (YEWP) electronic tools), accounting for investments of non-consolidated subsidiaries, intercompany reconciliations, preparing general ledger account reconciliations, allocations.	Management Fee is $2,000 per month.
External Reporting/Transfer Price/Insurance	Motorola to provide Management Services for no longer than term of Shared Service Period.	Department maintenance, consolidations, reporting and intercompany functions including netting, legal and operational close, external audit interface and corporate training.	Management Fee is $6,400 per month; Consulting Services will be billed at $100 per hour.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
KOREA ENTITY*			
All functions	Motorola to provide Management Services for no longer than term of Shared Service Period. For Payroll only, Motorola will provide Shared Services for no longer than the Extended Shared Service Period.	Accounts payable, capital accounting, travel, payroll, closing activities through Motorola Corporate, accounting entries passed to Hong Kong for entry into Legacy Systems. Credit, accounts receivables, foreign exchange input. Statutory reporting and filing to be done by external accounting firm in Korea. An external accounting firm will perform these activities.	Management Fee is $1,000 per month. [The cost of the third party accounting firm will be borne by SCG.]
SINGAPORE ENTITY*			
Functions under description	Motorola to provide Management Services for no longer than term of Shared Service Period. For Payroll only, Motorola will provide Shared Services for no longer than the Extended Shared Service Period.	Payroll, accounts payable, capital accounting, closing activity, and intercompany.	Management Fee is $4,000 per month.
SINGAPORE ENTITY			
Functions under description	Motorola to provide Management Services for no longer than term of Shared Service Period.	Entity, A/R, statutory, credit and statutory and foreign exchange input.	Management Fee is $3,200 per month.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
HONG KONG ENTITY*			
Functions under description	Motorola to provide Management Services for no longer than term of Shared Service Period. For Payroll only, Motorola will provide Shared Services for no longer than the Extended Shared Service Period.	A/P, payroll, capital closing accounting, closing activity and intercompany.	Management Fee is $4,000 per month.
HONG KONG ENTITY			
Functions under description	Motorola to provide Management Services for no longer than term of Shared Service Period.	Entity, A/R, credit statutory, and foreign exchange input.	Management Fee is $3,200 per month.
INDIA ENTITY*			
All functions	Motorola to provide Management Services for no longer than term of Shared Service Period. For Payroll only, Motorola will provide Shared Services for no longer than the Extended Shared Service Period.	Payroll, Accounts Payables, Capital and Travel including JV detail to be done by Motorola Corporate. Motorola Corporate will pass details to Hong Kong for entry into SCG systems. Cost Accounting/ Intercompany handled by SPS in Hong Kong. Credit and accounts receivable. An external accounting firm will perform these activities.	Management Fee is $1,000 per month. [The cost of the third party accounting firm will be borne by SCG.]

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
CHINA REP OFFICES*(4)			
All functions	Motorola to provide Management Services for no longer than term of Shared Service Period. For Payroll only, Motorola will provide Shared Services for no longer than the Extended Shared Service Period.	Payroll, Accounts Payables, Capital and Travel including JV detail to be done by Motorola Corporate, Motorola Corporate will pass details to Hong Kong for entry into SCG systems. Cost Accounting/ Intercompany handled by SPS in Hong Kong. Credit and accounts receivable. An external accounting firm will perform these activities.	Management Fee is $1,000 per month. [The cost of the third party accounting firm will be borne by SCG.]
PHILIPPINES ENTITY*			
All functions	Motorola to provide Management Services for no longer than term of Shared Service Period. For Payroll only, Motorola will provide Shared Services for no longer than the Extended Shared Service Period.	Payroll, accounts payable, travel, general ledger, closing, statutory reporting, capital accounting, foreign exchange input, legal transfer price, insurance, A/R-Credit.	Management Fee is $4,750 per month.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
MALAYSIA ENTITY* (MFG)			
All functions	Motorola to provide Management Services for no longer than term of Shared Service Period. For Payroll only, Motorola will provide Shared Services for no longer than the Extended Shared Service Period.	Payroll, accounts payable, travel, general ledger, closing, statutory reporting, capital accounting, foreign exchange input, legal transfer price, insurance, A/R-Credit. Credit and Cash Application A/R to be done by SCG finance team in Singapore.	Management Fee is $4,750 per month.
ASIA (EXCEPT KOREA, PHILIPPINES, SEREMBAN)			
Travel	Motorola to provide Shared Services through the Asian Transaction Center (ATC) for no longer than term of the Extended Shared Service Period.	Travel and non-travel expense statements processing, receipt and logging of travel receipt envelops, service line support during published hours for questions and advice, accounting of cash advances and payroll deductions, administration of credit cards, distribution of travel tickets.	Shared Services will be charged at $14.00 per expense statement.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
TAIWAN BRANCH*			
All functions	Motorola to provide Management Services for no longer than term of Shared Service Period. For Payroll only, Motorola will provide Shared Services for no longer than the Extended Shared Service Period.	Accounts payable, capital accounting, travel, payroll, closing. JV entries will be passed to Hong Kong for entry into Legacy Systems Credit, accounts receivable, foreign exchange input. Statutory reporting to be done by external accounting firm.	Management Fee is $1,000 per month.
THAILAND ENTITY*			
All functions	Motorola to provide Management Services for no longer than term of Shared Service Period. For Payroll only, Motorola will provide Shared Services for no longer than the Extended Shared Service Period.	Payroll, accounts payable, capital and travel including JV detail to be done by Motorola Corporate. Corporate will pass details to Hong Kong for entry into legacy systems. Cost accounting/intercompany handled by SPS in Hong Kong, credit, accounts receivable, and statutory. An external accounting firm will perform these activities.	Management Fee is $1,000 per month. [The cost of the third party accounting firm will be borne by SCG.]
JAPAN			
Entity, A/R, Statutory	Motorola to provide Management Services for no longer than term of Shared Service Period.	Entity, A/R and statutory.	Management fee is $19,500 per month.

FUNCTION/SERVICE	STRATEGY	DESCRIPTION	FEES/COSTS
JAPAN			
Payroll	Motorola to provide Shared Services for no longer than term of the Extended Shared Service Period.	MJL Corporate will provide payroll shared service.	Payroll is $18.50 per payslip.
JAPAN			
ATC (A/P, Fixed Asset, and General Ledger)	Motorola to provide Shared Services for no longer than term of the Extended Shared Service Period.	ATC Corporate will provide accounts payable, fixed asset and general ledger transactions shared. Independent Service Level Agreements (SLA) between MJL Corporate and ATC Corporate will be developed for these shared services.	ATC is $12,800 per month.

* The payroll cost is included in the Management Fee during the Shared Service Period. If SCG elects to discontinue Management Service or the Shared Service Period expires and SCG continues payroll services through the Extended Shared Service Period, then the payroll cost will be charged out at $10/payslip.

AMERICAS - TRANSITION PLAN

Country	Function	Type of Service	Monthly Fee	Closing	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11
BRAZIL/ PUERTO RICO	All Functions	Mgmt. Svc.	$3,000				X							
CANADA	All Functions	Mgmt. Svc.	$3,000				X							
MEXICO	All Functions	Mgmt. Svc.	$3,000				X							
USA	Accounts Payables	Mgmt. Svc.	$3,000				X							
USA	Accounts Receivables/ Distributor Credit Support/Credit	Mgmt. Svc.	$6,400				X							
USA	Forecasts / Budget / ESY	Mgmt. Svc.	$800				X							
USA	Contracts	Mgmt. Svc.	$2,500				X							
USA	Cost Accounting/Transfer Pricing	Mgmt. Svc.	$4,000				X							
USA	Capital Accounting	Mgmt. Svc.	$1,000				X							
USA	Foreign Exchange Function	Mgmt. Svc.	$3,100				X							
USA	Policies & Gov't Comp / Import-Export Controls	Mgmt, Svc.	$5,000				X							
USA	Internal Controls	Mgmt. Svc.	$2,000				X							
USA	Reserves	Mgmt. Svc.	$800				X							
USA	Tax	Mgmt. Svc.	$8,000				X							
USA	Treasury Function	Mgmt. Svc.	$2,500				X							
USA	Fleet Management	Mgmt. Svc.	#N/A	X										
USA	Entity / Intercompany Accounting / Consolidation	Mgmt. Svc.	$3,000							X				
USA	Corporate Audit	Shared SVC,	Audit Cost											
USA	Foreign Exchange System	Shared Svc.	Per Usage											
USA	Payroll	Shared Svc.	Per Usage											
USA	Travel	Shared Svc.	Per Usage											
USA	Treasury System	Shared Svc.	Per Usage											

Country	M12	M13	M14	M15	M16	M17	M18	M19	M20	M21	M22	M23	M24
BRAZIL/ PUERTO RICO													
CANADA													
MEXICO													
USA													
USA													
USA													
USA													
USA													
USA													
USA													
USA													

USA	
USA	
USA	
USA	
USA	
USA	
USA	X
USA	X
USA	X
USA	X
USA	X

Note: "X" indicates date on which service is expected to transition from MOTOROLA to SCG
Note: The last day of fiscal M1 1 is the end of the Shared Service Period
Note: The last day of fiscal M24 is the end of the Extended Shared Service Period

AMERICAS - PERSONNEL PLAN

Country	Function	Type of Service	Total SCG Need	Current SCG Census	Transfers from Motorola to SCG	Additional to be hired and trained by Motorola
BRAZIL/PUERTO RICO	All Functions	Mgmt. Svc.	0			0
CANADA	All Functions	Mgmt. Svc.	0			0
MEXICO	All Functions	Mgmt. Svc.	5	5		0
USA	Accounts Payables Distributor Credit	Mgmt. Svc.	4		4	0
USA	Support/Credit	Mgmt. Svc.	7		5	2
USA	Forecasts / Budget ESY	Mgmt. Svc.	0			0
USA	Contracts	Mgmt. Svc.	0			0
USA	Cost Accounting / Transfer Pricing	Mgmt. Svc.	3	1	1	1
USA	Capital Accounting	Mgmt. Svc.	1		1	
USA	Foreign Exchange Function	Mgmt. Svc.	0			0
USA	Policies & Gov't Comp / Import-Export Controls	Mgmt. Svc.	2		2	
USA	Internal Controls	Mgmt. Svc.	0			0
USA	Reserves	Mgmt. Svc.	0			0
USA	Tax	Mgmt. Svc.	3		1	2
USA	Treasury Function	Mgmt. Svc.	3			3
USA	Fleet Management	Mgmt. Svc.	0			0
USA	Entity / Intercompany Accounting / Consolidation	Mgmt. Svc.	3	1		2
USA	Corporate Audit	Mgmt. Svc.	0			0
USA	Foreign Exchange System	Shared Svc.	0			0
USA	Payroll	Shared Svc.	0			0
USA	Travel	Shared Svc.	0			0
USA	Treasury System	Shared Svc.	0			0
USA	General Management	N/A	7	5		2
TOTAL			38	12	14	12

Current SCG Census: Claudia Wells, Michel Cavagnoli, George Demeulanaere, Craig Koziol, Gary Mc Adam, Becky Mumma, Roxanne Siefert, Jean-Jacques Morin, Maria Florez, Rosa Maria Gutierrez, Mario Rosales, Carol Prieto, Claudia Martinez

Transfer from Motorola: Chad Bartel, Olga Ford, Alethea Gurecki, Joann Ulm, Mary Mullen, Elenora Brackins, Kelly Skyler, Jessie Ford, Ellie Canez, Judy Baeza, Christian Carmonara, Ronald Jarvis, Alvin Trone, TBD

EUROPE - TRANSITION PLAN

Function	Type of Service	Monthly Fee	Closing	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Accounts Payables	Mgmt. Svc.	$2,000									X			
Capital Accounting	Mgmt. Svc.	$2,000									X			
Foreign Exchange Function	Mgmt. Svc.	$3,200							X					
General Ledger / Closing	Mgmt. Svc.	$2,000							X					
Transfer Pricing / Insurance	Mgmt. Svc.	$6,400							X					
Credit / Collections / Accounts Receivable	Mgmt. Svc.	$6,400				X								
Payroll (France)	Shared Svc.	$4,600												
Payroll (All other)	Shared Svc.	$9,000												
Travel	Shared Svc.	Per Usage or Flat Fee												

Function	M13	M14	M15	M16	M17	M18	M19	M20	M21	M22	M23	M24
Accounts Payables												
Capital Accounting												
Foreign Exchange Function												
General Ledger / Closing												
Transfer Pricing / Insurance												
Credit / Collections / Accounts Receivable												
Payroll (France)												X
Payroll (All other)												X
Travel												X

Note: "X" indicates date on which service is expected to transition from MOTOROLA to SCG
Note: The last day of fiscal M1 1 is the end of the Shared Service Period
Note: The last day of fiscal M24 is the end of the Extended Shared Service Period

EUROPE - PERSONNEL PLAN

Function	Type of Service	Total SCG Need	Current SCG Census	Transfers from Motorola to SCG	Additional to be hired and trained by Motorola
Accounts Payables	Mgmt. Svc.	1		1	0
Capital Accounting	Mgmt. Svc.	0			0
Credit / Collections / Accounts Receivable	Mgmt. Svc.	8		4	4
External Reporting / Transfer Pricing / Insurance / General Ledger / Closing	Mgmt. Svc.	7		1	6
Payroll	Shared Svc.	0			0
Travel	Shared Svc.	0			0
General Management	N/A	1		1	
TOTAL		17	0	7	10

Current SCG Census

Transfer from Motorola Valerie Baerenzung, Jean Caprais, Severine Wittevert, Jean-Pierre Betille, Ranaan Raiter, 2 TBD

ASIA PACIFIC & JAPAN - TRANSITION PLAN

Country	Function	Type of Service	Monthly Fee	Closing	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11
CHINA	All Functions	Mgmt. Svc.	$1,000									X		
INDIA	All Functions	Mgmt. Svc.	$1,000									X		
KOREA	All Functions	Mgmt. Svc.	$1,000									X		
TAIWAN	All Functions	Mgmt. Svc.	$1,000									X		
THAILAND	All Functions	Mgmt. Svc.	$1,000									X		
HONG-KONG	Payroll, A/P, Capital, Closing Accounting, Intercompany, Closing Activity	Mgmt. Svc.	$4,000									X		
HONG-KONG	Entity, A/R Credit, Statutory, Credit, Foreign Exchange Input	Mgmt. Svc.	$3,200				X							
SINGAPORE	Payroll, A/P, Capital, Closing Accounting, Intercompany, Closing Activity	Mgmt. Svc.	$4,000									X		
SINGAPORE	Entity, A/R Credit, Statutory, Credit, Foreign Exchange Input	Mgmt. Svc.	$3,200				X							
Asia (except Korea, Philippines, Seremban)	Travel	Shared Svc.	Per Usage											
PHILIPPINES	Transferred Site (Carmona)	Mgmt. Svc.	$4,750				X							
MALAYSIA	Transferred Site (Seremban)	Mgmt. Svc.	$4,750				X							
JAPAN	Entity, A/R, Statutory	Mgmt. Svc.	$19,500				X							
JAPAN	Payroll	Shared Svc.	Per Usage											
JAPAN	ATC (A/P, G/L, Capital)	Shared Svc.	$12,800											

Country	M12	M13	M14	M15	M16	M17	M18	M19	M20	M21	M22	M23	M24
CHINA													
INDIA													
KOREA													
TAIWAN													
THAILAND													
HONG-KONG													
HONG-KONG													
SINGAPORE													
SINGAPORE													
Asia (except Korea, Philippines, Seremban)													X
PHILIPPINES													
MALAYSIA													
JAPAN													
JAPAN													X
JAPAN													X

Note: "X" indicates date on which service is expected to transition from MOTOROLA to SCG
Note: The last day of fiscal Ml 1 is the end of the Shared Service Period
Note: The last day of fiscal M24 is the end of the Extended Shared Service Period at the option of SCG

ASIA PACIFIC & JAPAN - PERSONNEL PLAN

Country	Function	Type of Service	Total SCG Need	Current SCG Census	Transfers from Motorola to SCG	Additional to be hired and trained by Motorola
CHINA	All Functions	Mgmt. Svc.	0			0
HONG-KONG	Payroll, A/P, Capital, Closing Accounting, Intercompany, Closing Activity	Mgmt. Svc.	1			1
HONG-KONG	Entity, A/R Credit, Statutory, Credit, Foreign Exchange Input	Mgmt. Svc.	8		3	5
INDIA	All Functions	Mgmt. Svc.	0			0
KOREA	All Functions	Mgmt. Svc.	1			1
SINGAPORE	Payroll, A/P, Capital, Closing Accounting, Intercompany, Closing Activity	Mgmt. Svc.	0			0
SINGAPORE	Entity, A/R Credit, Statutory, Credit, Foreign Exchange Input	Mgmt. Svc.	4		1	3
TAIWAN	All Functions	Mgmt. Svc.	1		1	0
THAILAND	All Functions	Mgmt. Svc.	0			0
Asia (except Korea, Philippines, Seremban)	Travel	Shared Svc.	0			0
PHILIPPINES	Transferred Site	N/A	8	8		0
MALAYSIA	Transferred Site	N/A	6	5		1
TOTAL ASIA PACIFIC			29	13	5	11
JAPAN	Entity, A/R, Statutory	Mgmt. Svc.	7	1	4	2
JAPAN	Payroll	Shared Svc.	0			0
JAPAN	ATC (A/P, G/L, Capital)	Shared Svc.	0			0
TOTAL JAPAN			7	1	4	2
TOTAL ASIA PACIFIC & JAPAN			36	14	9	13

Current SCG Census: Lyn Arcilla, Lourdes Dulig, Leo Atienza, Awee Estrella, Angie Miniano, Jo Batac, Bergs Islip Nancy Villar, Shah Mintom, Joyce Florence, Elizabeth Easaw, LT Ting, KC Law, Suzuki-San

Transfer from Motorola: Doris Lim, Janet Koa, C.Y. Wong, Venus, Belinda Tay, Ohtake, Yoshikawa, Atsumi, Koseki

EXECUTION COPY

EXHIBIT 10.8*

MOTOROLA ASSEMBLY AGREEMENT

This Motorola Assembly Agreement (this "Agreement") is made this July 31, 1999 (the "Effective Date") between Semiconductor Components Industries, LLC, a Delaware limited liability company ("SCILLC") and Motorola, Inc., a Delaware corporation ("Motorola").

WITNESSETH:

WHEREAS, pursuant to the Reorganization Agreement and the Recapitalization Agreement, as defined herein, the business and operations of the Semiconductor Components Group are being reorganized as a "stand alone" business;

WHEREAS, in connection therewith, Motorola and SCILLC desire that SCILLC provide Motorola with certain packaging and testing services (the "Assembly Services") as set forth herein;

NOW, THEREFORE, Motorola and SCILLC agree to enter this Agreement to accomplish the foregoing premises in accordance with the following terms and conditions:

1 DEFINITIONS:

1.1 Confidential Information means any information disclosed by one party to the other pursuant to this Agreement which is in written, graphic, machine readable or other tangible form and is marked Confidential, Proprietary or in some other manner to indicate its confidential nature. Confidential Information may also include oral information disclosed by one party to the other pursuant to this Agreement, provided that such information is designated as confidential at the time of disclosure and reduced to a written summary by the disclosing party, within thirty (30) days after its oral disclosure, which is marked in a manner to indicate its confidential nature and delivered to the receiving party. Such Confidential Information includes but is not limited to technical information transferred hereunder and all copies and derivatives thereof and information received as a consequence of rendering or receiving technical assistance, owned or controlled by either party, which relates to its past, present or future activities with respect to the subject matter of this Agreement, provided that if such Confidential Information is disclosed by one of the parties to the other party in written and/or graphic or model form, or in the form of a computer program or data base, or any derivation thereof, the disclosing party must designate it as confidential, in writing, by an appropriate legend, together with the name of the party so disclosing it, such as Motorola Confidential Proprietary or SCILLC Confidential Proprietary Information.

1.2 Contract Products means, collectively, those products which are described in the Schedules to this Agreement.

1.3 Die means an individual integrated circuit or components which when completed create an integrated circuit or component.

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* Confidential Information in this Exhibit 10.8 has been omitted and filed separately with the Securities and Exchange Commission.

1.4 Environmental Laws has the meaning ascribed to such term in the Recapitalization Agreement.

1.5 Equipment Lease and Repurchase Agreement means the Equipment Lease and Repurchase Agreement between Motorola, Inc. and Semiconductor Components Industries, LLC dated as of the date hereof.

1.6 Firm Order has the meaning ascribed to such term in Section 5.1.

1.7 Force Majeure has the meaning ascribed to such term in Section 5.6.

1.8 Forecast has the meaning ascribed to such term in Section 5.1.

1.9 Hazardous Substances has the meaning ascribed to such term in the Recapitalization Agreement.

1.10 IP Agreement means the Amended and Restated Intellectual Property Agreement by and between Motorola, Inc. and Semiconductor Components Industries, LLC dated as of the date hereof.

1.11 Logistics Schedule means the Logistics Schedule to the Transition Services Agreement dated as of the date hereof, by and between Motorola, Inc and Semiconductor Components Industries, LLC

1.12 Long Term Products has the meaning ascribed to such term in Section 6.3.

1.13 Recapitalization Agreement means the Agreement and Plan of Recapitalization and Merger, as amended pursuant to Amendment No. 1 to the Recapitalization Agreement dated July 28, 1999, by and among Motorola, Inc., SCG Holding Corporation, Semiconductor Components Industries, LLC, TPG Semiconductor Holdings LLC and TPG Semiconductor Acquisition Corp made as of May 11, 1999.

1.14 Release has the meaning ascribed to such term in the Recapitalization Agreement.

1.15 Reorganization Agreement means the Reorganization Agreement by and among Motorola, Inc., SCG Holding Corporation and Semiconductor Components Industries, LLC dated as of May 11, 1999.

1.16 Scrap means any metal piece part, wafer, die or device, in any stage of completion, without regard to its ability to function, that are not in conformance with the requirements of this contract for Contract Products to be sold to Motorola.

1.17 Seremban RF Employees has the meaning ascribed to such term in Section 7.

1.18 SOW means Appendix A. The SOW contains all currently known die types that will be fabricated in wafer form, or assembled and/or tested. The SOW documents die type, historical die yield, planning cycletime, minimum yield criteria, historical assembly / test yield and assembly / test planning cycletime. The SOW shall be updated on a quarterly basis or as mutually agreed.

2 FACTORIES, PRODUCTS AND TERM

2.1 As set forth in Schedule A, SCILLC shall provide Assembly Services for the listed Contract Product for Motorola at the respective factories described in Schedule A (the "Factories") through the respective last start dates at the respective prices.

2.2 SCILLC may choose to migrate Assembly Services for a given Contract Product to a different Factory than shown on Schedule A by giving Motorola six months written notice. SCILLC shall be responsible for all out of pocket costs related to such a move (including any decommissioning, packaging and shipping costs) provided that Motorola shall be responsible for costs associated with customer acceptance of any such move.

2.3 SCILLC must maintain the relevant agreements entered into with those certain joint venture parties in order to provide the Assembly Services to Motorola as listed on Schedule B at the prices and subject to the minimum and maximum supply constraints listed therein.

3 STATEMENT OF WORK

3.1 During the term of this Agreement, each party agrees to use the data contained in the SOW to plan and execute the manufacturing agreement as described herein.

3.1.1 The historical assembly / test yields shall be used by the planning organizations to rationalize the differences expected between assembly starts and assembly organizations to provide the Forecasts and Firm Orders described in Section 5.

3.1.2 The assembly / test planning cycletime is used by Motorola and SCILLC planning organizations to provide the Forecasts and Firm Orders described in Section 5.

3.2 All products identified in the SOW are qualified for shipment at this time. No future qualification requirements or future qualification testing is required prior to shipment from SCILLC to Motorola.

3.3 Future product qualification requirements shall be mutually agreed upon prior to new product introduction, but shall generally conform to current Semiconductor Product Sector standard specification 12MWS00024b.

3.4 SCILLC shall provide all facilities, equipment, material, manpower and expertise necessary to perform the Assembly Services according to Motorola's requirements and specifications as set forth in this agreement and the appropriate SOW.

4 PRICE

4.1 Prices shall be based on the actual number of functional assembled products delivered as set forth in Schedule A. SCILLC shall be responsible for purchasing

the piece parts used in the provision of the Seremban RF Assembly Services, which will be billed to Motorola at cost upon delivery of the finished goods. In the event such piece parts have not been used within six months of their purchase. Motorola shall repurchase such piece parts from SCILLC at SCILLC's cost.

4.2 Engineering work and materials required for new product introduction or qualification or major process changes requested by SCILLC will be billed at actual cost including overhead.

4.3 Rush lots requested by Motorola and accepted by SCILLC will be billed at 150% of the price agreed upon in Section 4. Upside delivery demands beyond the agreed upon Firm Orders described in Section 5 requested by Motorola and accepted by SCILLC will be billed at 125% of the price agreed upon in Section 4.

4.4 Motorola shall provide SCILLC with the die used for the Assembly Services, and such die shall be consigned to SCILLC.

5 ORDER PLACEMENT, DELIVERY AND PAYMENT

5.1 Binding minimum and maximum weekly assembly supply constraints are set forth on Schedule A. Motorola shall provide, on a monthly basis, a rolling 12 month finished goods delivery forecast with anticipated weekly die run rates. The first 3 months of the finished goods forecast shall be fixed (the "Firm Orders") and the last 9 months will be floating (the "Forecast"). The Forecasts will be non-binding and used solely for planning purposes. The Firm Orders shall act as purchase orders. As an example, orders for finished goods out for the month of April would be added to the Firm Order base on January first. Each new month's Firm Orders shall not be allowed to change by more than 20% per week from the previous month's run rate without mutual consent of both parties, which shall not unreasonably be withheld. Motorola may request rush status on any production lot, and if SCILLC agrees to this request, Motorola will be billed according to Section 4. In addition, unexpected upside demands may be requested by Motorola within the Firm Order window. SCILLC has the option of accepting such orders which will be billed according to Section 4. Motorola may request changes to the device mix within the Firm Order window at any time prior to die starts, and SCILLC shall make reasonable efforts to accommodate the request, provided that total die starts in a given technology do not change, and subject to manufacturer material availability (e.g. piece parts). If mutually agreeable to both SCILLC and Motorola, the Factories may schedule starts above the max or below the min as shown in Schedule-A without penalty. Delivery of die or finished goods scheduled above the max shall be on a "best-effort" basis and there shall be no penalty for late or missed deliveries on such "above max" commitments. This mutual agreement shall be documented by email from the planning managers of both Motorola and SCILLC, now envisioned to be Duff Young for Motorola and Didier Ribas for SCILLC, or their functional replacements in the future. The same two individuals will also document requests for early termination of manufacturing services by email.

5.2 SCILLC is required to maintain capacity sufficient to meet the supply set forth in Motorola's Firm Orders, subject to the maximum weekly supply constraints. In the event Firm Orders for any Contract Product over a monthly period fall below the minimum weekly die supplies for those Contract Products during that month, Motorola will be responsible for SCILLC's fixed costs (equal to unit costs minus material costs, calculated according to Motorola's cost allocation methodologies as of May 11, 1999) associated with maintaining capacity to produce the relevant minimum weekly supply, taking into account any products actually purchased by Motorola, provided that SCILLC shall take all reasonable steps to limit such fixed costs. In such an event, Motorola shall have the right to audit such fixed costs. In the event Motorola notifies SCILLC that the Firm Orders are likely to continue to be below the minimum weekly commitments, the parties shall meet and explore potential solutions to the shortfall, which may include, subject to mutual consent, a reduction of the minimum weekly commitments, efforts to reduce fixed costs or the early termination of the relevant Product line. Motorola's liability for the cancellation of any Firm Orders will be limited to the actual expenses reasonably incurred by SCILLC in anticipation of the Firm Orders, provided that SCILLC shall take all reasonable steps to mitigate any such damages.

5.3 If SCILLC does not agree to start the die necessary to meet Motorola's Firm Orders (on a cumulative basis), even though the die start volume meets the min-max limits for the Contract Product as set forth in Schedule A, SCILLC will pay Motorola per die liquidated damages equal to the gross margin for that Product for the previous fiscal quarter, once those die starts are delinquent by more than 30 days, provided that in no case will SCILLC be required to pay any such damages until the total amount of liquidated damages payable under this contract exceed $50,000.00. No damages will be payable under this Section if SCILLC is unable to start die because such die have not been provided by Motorola.

5.4 In the event SCILLC has started the die but fails to deliver a number of functional assembled products equal to 80% of the volume set forth in the Firm Orders within 30 days of the date specified in the Firm Orders, the factory manager will initiate best efforts recovery programs (which may include overtime, rush lots, or increased starts) and report the recovery plan to the respective directors of planning and directors of manufacturing at SCILLC and Motorola. At the option of the Motorola planning organization, the recovery plan can be declined and the orders cancelled without penalty for either party.

5.5 In the event SCILLC has started the die but fails to deliver a number of functional assembled products equal to 70% of the volume set forth in the Firm Orders within 60 days of the date specified in the Firm Orders, SCILLC will be required to pay per unit liquidated damages (as described below) for the delivery shortfall below 85% of the ordered amount set forth in relevant Firm Order, provided that in no case will SCILLC be required to pay any such damages until the total amount of liquidated damages payable under this contract exceed $50,000.00. Per

unit liquidated damages shall be equal to the gross margin for each of the Contract Product (equal to the gross margin for that Product for the previous fiscal quarter.)

5.6 No party will be liable for failure or delay under this Agreement owing to any cause beyond its control, including, but not limited to, acts of God, governmental orders or restriction, war, threat of war, warlike conditions, fire, hostilities, sanctions, revolution, riot, looting or inability to obtain necessary transportation, labor, materials or facilities (together, "Force Majeure.") In the event of Force Majeure, each parties' time for delivery or other performance will be extended for a period equal to the duration of the delay caused thereby. If the Force Majeure continues or is foreseen without question to continue for more than 3 months, the non-affected party may terminate this Agreement immediately upon written notice. SCILLC will notify Motorola at the earliest indication of any interruption in supply of the Contract Products or other facility difficulty that may affect the availability of Contract Products under this Agreement.

5.7 Contract Products shall be shipped at the time set forth in the Firm Orders pursuant to the terms of the Logistics Agreement. SCILLC shall be billed and title shall pass to Motorola at shipment, and risk of loss shall pass to Motorola upon receipt at the destination set forth therein. SCILLC will be responsible for compliance with any local laws, including export control laws related to the manufacture and delivery of the Contract Products.

5.8 Payment terms are net 30 days from the date of invoice. Payments will be due in U.S. dollars except for products manufactured in Japan, which will be paid in Yen as set forth in Schedule A.

5.9 The equipment related to PLCC & SOIC Test Only products (package codes 0803, 0804, 0805, 2002) at MPC shall be transferred to a non-SCILLC site before 6/30/2000 and shall be used to test both SCILLC and MBG products. Motorola will continue to provide test support for SCILLC devices for a minimum of two years from the Closing. The equipment will be transferred to Motorola and Motorola will pay the cost of de-installation, crating and shipping to the new location.

5.10 The MIN/MAX in Seremban for PLD-1.5 (package code 7555) is currently 16/wk MIN, 17 K/wk MAX. If Motorola is successful qualifying ball bond to replace current wedge bond process, then SCILLC will agree to increase the MAX to 30/wk. In addition, Motorola must remove sufficient RF testing to enable the 30K assembly capability to be matched at test.

The MIN/MAX in Seremban for PRFP-2 (package code 7560) is currently 0.5 K/wk MIN, 6 K/wk MAX. If Motorola removes sufficient test requirements then SCG will agree to increase the MAX to 16 K/wk through June 30, 2001. Because the current pricing ($14.67) was based upon engineering runs, the price will be adjusted downward as production volume ramps up.

Min and Max volumes in Schedule A shall refer to assembly and/or test starts and/or outs as follows:

SITE:	OPERATIONS PERFORMED:	MIN / MAX REFERS TO:
Aizu	Assy & Test	Assy Starts
	Assy Only	Assy Starts
	Test Only	Test Outs
GDL	Chip Sales	Starts
MPC	Assy & Test	Assy Starts
	Test Only	Test Outs
SBN	Assy & Test	Test Outs
	Assy Only	Assy Outs
SMP	Assy & Test	Test Outs
Leshan	Assy & Test	Test Outs

6 OTHER SERVICES

6.1 SCILLC shall provide all reasonable support for the Assembly Services consistent with past practice, industry standards and Motorola form contracts.

6.2 SCILLC shall keep Motorola apprised of any major planned process changes or other significant changes relating to the Contract Products (each as defined by Motorola standard operating procedures for process changes), and shall not make any such changes without the consent of Motorola, which shall not unreasonably be withheld. Implementation of any process changes consented to by Motorola shall be based on Motorola standard operating procedures for process changes.

6.3 For products with last start dates after the end of 2000 ("Long Term Products"), SCILLC shall cooperate in good faith with any assembly process related changes reasonably requested by Motorola, and the parties shall negotiate in good faith any price adjustments based on such changes. In the event such negotiations are not successful, Motorola may terminate this agreement with respect to any of such Long Term Products on 3 months written notice.

7 EQUIPMENT / EMPLOYEES

7.1 SCILLC owned equipment used at any of the Factories will be governed pursuant to the terms of the Equipment Lease and Repurchase Agreement.

7.2 With respect to the personnel working in and supporting the RF assembly line at Seremban Site 1 (the "Seremban RF Employees"), Motorola will be responsible for (i) all severance and other termination compensation or benefits payable in respect of any such employee, including those payable pursuant to any Benefit Plan, work rule or legislation, arising in connection with the actual or constructive termination of any such employee's employment with SCILLC or the reemployment or redeployment of any such employee to Motorola at or prior to the time the services provided under this Motorola Assembly Agreement terminate and (ii) all pension and other retirement benefits and all long-term

disability benefits or compensation payable in respect of any such employee and all related contributions and expenses under the Benefit Plans necessary to fund or satisfy such pension, other retirement and long-term disability benefits and compensation, other than the costs associated with pension benefits accrued during such employees' employment by SCILLC. Motorola will also be responsible for all liabilities arising in connection with any claim, grievance or litigation asserted or threatened by any Seremban RF Employee that is based in whole or in part on any event occurring or commenced during or relating to such employee's employment by Motorola prior to the Closing or the termination of such employment, including without limitation any claim, grievance or litigation relating to safety and health conditions, wages or hours, workers' compensation or discrimination.

7.3 Upon termination of the Seremban RF Assembly Services, SCILLC will permit Motorola to recruit from among the Seremban RF Employees, which is expected to include approximately 2 operations managers, 4 manufacturing managers, 4 engineering managers, 13 manufacturing section heads, 8 engineering section heads, 22 engineers, 17 supervisors, 45 technicians, 5 planners, and 620 direct labor employees. SCILLC will make reasonable efforts to redeploy the remaining Seremban RF employees at that site, ISMF or SMP.

8 WARRANTY/REJECTION CRITERIA

8.1 SCILLC warrants that products sold hereunder shall from date of shipment be free and clear of liens and encumbrances, and for 120 days from date of shipment shall be free from defects in workmanship. In the event a workmanship defect is discovered, SCILLC agrees at its sole expense to replace or provide a credit equal to the moneys paid for the affected unit(s) of products, provided that the provision of a credit or the replacement of products shall not limit SCILLC's obligations to pay liquidated damages under Section 5.4 and 5.5, hereof, for failure to deliver functional die on a timely basis, although such liquidated damages shall be offset by the amount of any credit paid.

8.2 SCILLC shall destroy and properly dispose of all Scrap in order to prevent any unauthorized sale of any Contract Product, which cannot be reclaimed. SCILLC shall return such Scrap to Motorola at Motorola's request and expense.

8.3 THIS WARRANTY EXTENDS TO MOTOROLA ONLY AND MAY BE INVOKED ONLY BY MOTOROLA FOR ITS CUSTOMERS. SCILLC SHALL NOT ACCEPT WARRANTY RETURNS DIRECTLY FROM MOTOROLA'S CUSTOMERS OR USERS OF MOTOROLA'S PRODUCTS. SCILLC DOES NOT WARRANT CONTRACT PRODUCTS REJECTED AS A RESULT OF RELIABILITY TESTING OR PROCESSING NOT PREVIOUSLY AGREED TO IN WRITING. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES WHETHER EXPRESS, IMPLIED OR STATUTORY INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY OR

FITNESS FOR PARTICULAR PURPOSE. THIS WARRANTY DOES NOT APPLY TO DEFECTS ARISING AS A RESULT OF SCILLC'S DESIGN, FORMULA, OR APPLICATION.

8.4 In the event repeated field failures occur with respect to a Contract Product, or a significant field failure occurs which requires immediate attention, Motorola and SCILLC will discuss a solution in good faith. This provision does not expand SCILLC's warranty obligations or any other liabilities beyond those expressly set forth in this Section or limit SCILLC's obligations to pay damages under Section 5, hereof.

8.5 EXCEPT AS EXPLICITLY SET FORTH IN THIS AGREEMENT, IN NO EVENT SHALL SCILLC BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER (INCLUDING, WITHOUT LIMITATION, LOST PROFITS) REGARDLESS OF THE LEGAL THEORY ON WHICH ANY SUCH CLAIM MAY BE MADE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9 INTELLECTUAL PROPERTY

9.1 Ownership of IP related to the Contract Product will be governed by the IP Agreement Other than as set forth therein or as separately agreed to between the parties in the event of any process change, the provision of Assembly Services by SCILLC does not imply any transfer of SCILLC's intellectual property, technical information, or know how.

10 TERM

10.1 Last start dates are as set forth on Schedule A. Motorola may terminate the agreement with respect to any Contract Product on 6 months written notice.

10.2 SCILLC shall provide assistance to Motorola in transitioning the assembly of the Seremban RF Contract Product to a separate facility prior to expiration or termination, which services shall be billed at SCILLC's costs, including overhead.

10.3 With regard to all other Contract Products covered by this Agreement, SCILLC shall provide reasonable assistance to Motorola in transitioning the Assembly Services to a separate facility prior to expiration or termination provided SCILLC shall have personnel available, which services shall be billed at SCILLC's costs, including overhead.

10.4 SCILLC's assistance in transitioning the products listed in this Section 10 may also include training of the relevant employees which will be provided at SCILLC's facilities and billed at SCILLC's costs, including overhead.

10.5 In the event Motorola requires a Factory to remain open beyond the planned closure date listed in Schedule A, the price for Assembly Services will be calculated as follows: (i) if Motorola becomes the sole user of a Factory after the

planned closure dates, then such price will first be adjusted to cover the full costs of such Factory; and (ii) such price, whether or not adjusted pursuant to (i) above, will escalate by 10% (without compounding of interest) each month thereafter, subject to a cap of 200% of the adjusted price. In no case will Motorola be liable for any damages set forth in this Section if SCILLC is responsible for the late closure, whether as a result of SCILLC's failure to meet any Firm Orders for the relevant Product at such Factory or at another Factory providing the same services, or as a result of delays in the relocation of any other facilities in SCILLC's control.

11 SITE ACCESS

11.1 SCILLC shall allow Motorola to visit and inspect the facilities upon reasonable notice during normal business hours, provided that Motorola must first obtain SCILLC's consent to any such visit, which consent shall not unreasonably be withheld. SCILLC may limit such site inspections to no more than once per calendar year, except in the event of any exceptional circumstances, including SCILLC's failure to meet any of its Firm Orders under this agreement.

12 EXPORT CONTROL LAWS

12.1 The parties acknowledge that each must comply with all applicable rules and laws in the performance of their respective duties and obligations including, but not limited to, those relating to restrictions on export and to approval of agreements. Each party will be responsible for obtaining and maintaining all approvals and licenses, including export licenses, permits and governmental authorizations from the appropriate governmental authorities as may be required to enable such party to fulfill its obligations under this Agreement. Each party agrees to use its best efforts to the other in obtaining any such approvals, export licenses, permits or governmental authorizations.

12.2 Each party agrees that, unless prior written authorization is obtained from the United States Bureau of Export Administration, it will not export, re-export, or transship, directly or indirectly, any products or technical information that would be in contravention of the Export Administration Regulations then in effect as published by the United States Department of Commerce.

13 ENVIRONMENTAL

13.1 Allocation of responsibility for environmental and employee health and safety liabilities pre-dating the Closing shall be covered by the terms of the Recapitalization Agreement.

13.2 Subject to the obligations of the parties set forth in the Recapitalization Agreement with respect to Environmental Liabilities, including Pre-Closing Liabilities, each as defined therein, SCILLC agrees to indemnify Motorola for

claims/liabilities relating to SCILLC's operations pursuant to this Agreement involving the Release of Hazardous Substances, or non-compliance with Environmental Laws.

13.3 SCILLC acknowledges that it is responsible for complying, and agrees that it will comply in all material respects, with applicable Environmental Laws, including those relating to worker health and safety, the Release of Hazardous Substances, and the management, storage, treatment, recycling or disposal of any waste generated as a result of its operations pursuant to this Agreement. SCILLC acknowledges that it is the owner and generator of waste generated from its activities pursuant to this Agreement.

14 ASSIGNMENT

14.1 This Agreement shall be binding upon, inure to the benefit of, and be enforceable by or against the parties hereto and their respective successors and assigns; provided, however, that neither party hereto may assign this Agreement without the prior written consent of the other (which consent shall not unreasonably be withheld) except to a party that acquires all or substantially all of the assets of the assigning party or for the account of the lenders providing bank financing solely and specifically for the purpose of securing such bank financing in connection with the Recapitalization Agreement and the transactions contemplated thereby.

15 CONFIDENTIALITY

15.1 Each party will treat as confidential all Confidential Information of the other party in accordance with the terms of the IP Agreement.

16 NOTIFICATION

16.1 Unless otherwise indicated herein, all notices, requests, demands or other communications to the respective parties hereto shall be deemed to have been given or made when deposited in the mails, registered mail, return receipt requested, postage prepaid, or by facsimile to the respective party at the following address:

If to Motorola for Technical Matters:	Motorola, Inc. 6501 William Cannon Drive West Austin, Texas 78735 Facsimile Number: (512) 895-3809 Attn: Jon Dahm
If to Motorola:	Motorola, Inc. Law Department 1303 E. Algonquin Road Schaumburg, Illinois 60196

Facsimile Number: (847) 576-3628
Attn: General Counsel

and to — Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60601
Facsimile Number:(312) 558-5700
Attn: Oscar A. David, Esq.

If to SCILLC: — SCG Holding Corporation
5005 E. McDowell Road
Phoenix, Arizona 85008
Facsimile Number: (602) 244-4830
Attn: Dario Sacomani

With copies to: — David Stanton
Texas Pacific Group
345 California Street
Suite 3300
San Francisco, California 94104
Facsimile Number: (415) 743-1501

and

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attention: Paul J. Shim, Esq.
Facsimile Number: (212) 225-3999

17 TRANSLATION

17.1 If this Agreement is translated into a language other than English, the English language version will be the only version binding upon the parties.

18 ENTIRE AGREEMENT

18.1 This Agreement, which includes the SOW, Schedules and other attachments, supersedes all prior discussions and writings and constitutes the entire and only contract between the parties relating to the activities to be performed hereunder for Contract Products, and it may not be changed, altered or amended except in writing and signed by duly authorized representatives of all of the parties.

18.2 If any inconsistencies arise between the terms of this Agreement, Schedule A, the SOW a purchase order or any other agreement entered into between the parties, the order of precedence in determining the rights and obligations of the parties will be: (i) this Agreement; (ii) Schedule A then (iii) the SOW. Without limiting

the generality of the foregoing, any provisions in any purchase order concerning acceptance, proprietary information, warranties, termination, indemnification (including, without limitation, patent or other intellectual property indemnification), changes, insurance, dispute resolution or materials, tools, and equipment, will not govern or affect the rights or obligations of the parties.

19 WAIVER

19.1 The failure of any party to enforce, at any time, or for any period of time, any provision of this Agreement, to exercise any election or option provided herein, or to require, at any time, performance of any of the provisions hereof, will not be construed to be a waiver of such provision, or in any way affect the validity of this Agreement, or any part thereof, or the right of any party thereafter to enforce each and every such provision.

20 APPLICABLE LAW AND DISPUTE RESOLUTION

20.1 New York law governs this Agreement. The parties agree that the UN Convention for the International Sale of Goods shall not apply. The parties will settle any claim or controversy arising out of this Agreement in the manner set forth in Article IV.3 of the Reorganization Agreement.

21 COMPLIANCE WITH LAWS

21.1 Both parties will comply with all applicable state, federal or local laws, regulations or ordinances in the performance of their respective duties and obligations under this Agreement.

22 INDEPENDENT CONTRACTOR

22.1 It is agreed that SCILLC is an independent contractor for the performance of services under this Agreement, and that for accomplishment of the desired result Motorola is to have no control over the methods and means of accomplishment thereof, except as specifically set forth in this Agreement. There is no relationship of agency, partnership, joint venture, employment or franchise between the parties. SCILLC is the sole employer and principal of any and all persons providing services under this Agreement, and is obligated to perform all requirements of an employer under federal, state, and local laws and ordinances. SCILLC, or its employees or agents will not be construed to be employees of Motorola, nor will SCILLC or its employees or agents be entitled to participate in the profit sharing, pension, or other plans established for the benefit of Motorola's employees.

23 SECTION TITLES

23.1 Section titles as to the subject matter of particular sections herein are for convenience only and are in no way to be construed as part of this Agreement or as a limitation of the scope of the particular sections to which they refer.

24 COUNTERPARTS

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

* * * * *

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date and year first set forth above.

MOTOROLA, INC.

By: /s/ Carl F. Koenemann

Name: Carl F. Koenemann

Title: Executive Vice-President and Chief Financial Officer

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By: SCG Holding Corporation, its sole member

By: /s/ Theodore W. Schaffner

Name: Theodore W. Schaffner

Title: Vice-President

TERM SHEET
FOUNDRY AND ASSEMBLY AGREEMENT
SCHEDULE A -- PRICES

SCG SBN ASSEMBLY PRICES TO SPS

[1 PAGE REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

TERM SHEET
FOUNDRY AND ASSEMBLY AGREEMENT
SCHEDULE A -- PRICES

SCG AIZU ASSEMBLY & TEST PRICES TO SPS

[2 PAGES REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

TERM SHEET
FOUNDRY AND ASSEMBLY AGREEMENT
SCHEDULE A -- PRICES

SCG OTHER ASSEMBLY & TEST PRICES TO SPS

[1 PAGE REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

TERM SHEET
FOUNDRY AND ASSEMBLY AGREEMENT
SCHEDULE A -- PRICES

SCG SBN ASSEMBLY PRICES TO SPS

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[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

TERM SHEET
FOUNDRY AND ASSEMBLY AGREEMENT
SCHEDULE A -- PRICES

SCG OTHER ASSEMBLY & TEST PRICES TO SPS

[1 PAGE REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

TERM SHEET
FOUNDRY AND ASSEMBLY AGREEMENT
SCHEDULE A -- PRICES

SCG AIZU ASSEMBLY & TEST PRICES TO SPS

[2 PAGES REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

MBG PRODUCTS IN SCG FACTORIES
MIN/MAX ASSY/TEXT (K units/week)

[9 PAGES REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

MBG PRODUCTS IN JOINT VENTURES
MIN/MAX ASSY/TEXT (K units/week)

[1 PAGE REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

APPENDIX A
STATEMENT OF WORK

[159 PAGES REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

EXECUTION COPY
EXHIBIT 10.9*

SCG ASSEMBLY AGREEMENT

This SCG Assembly Agreement (this "Agreement") is made this July 31, 1999 (the "Effective Date") between Motorola, Inc., a Delaware corporation ("Motorola") and Semiconductor Components Industries, LLC, a Delaware limited liability company ("SCILLC").

WITNESSETH:

WHEREAS, pursuant to the Reorganization Agreement and the Recapitalization Agreement, as defined herein, the business and operations of the Semiconductor Components Group are being reorganized as a "stand alone" business;

WHEREAS, in connection therewith, Motorola, and SCILLC desire that Motorola, as a foundry, provide SCILLC with certain packaging and testing services (the "Assembly Services") as set forth herein;

NOW, THEREFORE, SCILLC and Motorola agree to enter this Agreement to accomplish the foregoing premises in accordance with the following terms and conditions:

1 DEFINITIONS:

1.1 CONFIDENTIAL INFORMATION means any information disclosed by one party to the other pursuant to this Agreement which is in written, graphic, machine readable or other tangible form and is marked Confidential, Proprietary or in some other manner to indicate its confidential nature. Confidential Information may also include oral information disclosed by one party to the other pursuant to this Agreement, provided that such information is designated as confidential at the time of disclosure and reduced to a written summary by the disclosing party, within thirty (30) days after its oral disclosure, which is marked in a manner to indicate its confidential nature and delivered to the receiving party. Such Confidential Information includes but is not limited to technical information transferred hereunder and all copies and derivatives thereof and information received as a consequence of rendering or receiving technical assistance, owned or controlled by either party, which relates to its past, present or future activities with respect to the subject matter of this Agreement, provided that if such Confidential Information is disclosed by one of the parties to the other party in written and/or graphic or model form, or in the form of a computer program or data base, or any derivation thereof, the disclosing party must designate it as confidential, in writing, by an appropriate legend, together with the name of the party so disclosing it, such as SCILLC Confidential Proprietary or Motorola Confidential Proprietary Information.

1.2 CONTRACT PRODUCTS means, collectively, those products which are described in the Schedules to this Agreement.

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* Confidential Information in this Exhibit 10.9 has been omitted and filed separately with The Securities and Exchange Commission.

1.3 DIE means an individual integrated circuit or components which when completed create an integrated circuit or component.

1.4 ENVIRONMENTAL LAWS has the meaning ascribed to such term in the Recapitalization Agreement.

1.5 EQUIPMENT LEASE AND REPURCHASE AGREEMENT means the Equipment Lease and Repurchase Agreement between Motorola, Inc and Semiconductor Components Industries, LLC dated as of the date hereof.

1.6 FIRM ORDER has the meaning ascribed to such term in Section 5.1.

1.7 FORCE MAJEURE has the meaning ascribed to such term in Section 5.6.

1.8 FORECAST has the meaning ascribed to such term in Section 5.1.

1.9 HAZARDOUS SUBSTANCES has the meaning ascribed to such term in the Recapitalization Agreement.

1.10 IP AGREEMENT means the Amended and Restated Intellectual Property Agreement by and between Motorola, Inc. and Semiconductor Components Industries, LLC dated as of the date hereof.

1.11 LOGISTICS SCHEDULE means the Logistics Schedule to the Transition Services Agreement dated as of the date hereof by and between Motorola, Inc and Semiconductor Components Industries, LLC.

1.12 LONG TERM PRODUCTS has the meaning ascribed to such term in Section 6.3.

1.13 RECAPITALIZATION AGREEMENT means the Agreement and Plan of Recapitalization and Merger, as amended pursuant to Amendment No. 1 to the Recapitalization Agreement dated July 28, 1999, by and among Motorola, Inc., SCG Holding Corporation, Semiconductor Components Industries, LLC, TPG Semiconductor Holdings LLC and TPG Semiconductor Acquisition Corp made as of May 11, 1999.

1.14 RELEASE has the meaning ascribed to such term in the Recapitalization Agreement.

1.15 REORGANIZATION AGREEMENT means the Reorganization Agreement by and among Motorola, Inc., SCG Holding Corporation and Semiconductor Components Industries, LLC dated as of May 11, 1999.

1.16 SCRAP means any metal piece part, wafer, die or device, in any stage of completion, without regard to its ability to function, that are not in conformance with the requirements of this contract for products to be sold to SCILLC.

1.17 SOW means Appendix A. The SOW contains all currently known die types that will be fabricated in wafer form, or assembled and/or tested. The SOW documents die type, historical die yield, planning cycletime, minimum wafer die

yield, historical assembly / test yield and assembly / test planning cycletime. The SOW shall be updated on a quarterly basis or as mutually agreed.

2 FACTORIES, PRODUCTS AND TERM

2.1 As set forth in Schedule A, Motorola shall provide Assembly Services for the listed Contract Products for SCILLC at the respective factories described in Schedule A (the "Factories") through the respective last start dates at the respective prices.

2.2 Motorola may choose to migrate Assembly Services for a given Contract Product to a different Factory than shown on Schedule A by giving SCILLC six months written notice. Motorola shall be responsible for all out of pocket costs related to such a move (including any decommissioning, packaging and shipping costs) provided that SCILLC shall be responsible for costs associated with customer acceptance of any such move.

3 STATEMENT OF WORK

3.1 During the term of this Agreement, each party agrees to use the data contained in the SOW to plan and execute the manufacturing agreement as described herein.

3.1.1 The historical assembly / test yields shall be used by the planning organizations to rationalize the differences expected between assembly starts and assembly organizations to provide the Forecasts and Firm Orders described in Section 5.

3.1.2 The assembly / test planning cycletime is used by SCILLC and Motorola planning organizations to provide the Forecasts and Firm Orders described in Section 5.

3.2 All products identified in the SOW are qualified for shipment at this time. No future qualification requirements or future qualification testing is required prior to shipment from Motorola to SCILLC.

3.3 Future product qualification requirements shall be mutually agreed upon prior to new product introduction, but shall generally conform to current Semiconductor Product Sector standard specification 12MWS00024b.

3.4 Motorola shall provide all facilities, equipment, material, manpower and expertise necessary to perform the Assembly Services according to SCILLC's requirements and specifications as set forth in this agreement and the appropriate SOW.

4 PRICE

4.1 Prices shall be based on the actual number of functional assembled products delivered as set forth in Schedule A.

4.2 Engineering work and materials required for new product introduction or qualification or major process changes requested by SCILLC will be billed at actual cost including overhead.

4.3 Rush lots requested by SCILLC and accepted by Motorola will be billed at 150% of the price agreed upon in Section 4.1. Upside delivery demands beyond the agreed upon Firm Orders described in Section 5 requested by SCILLC and accepted by Motorola will be billed at 125% of the price agreed upon in Section 4.1.

4.4 SCILLC shall provide Motorola with the die used for the Assembly Services, and such die shall be consigned to Motorola.

4.5 **********
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5 ORDER PLACEMENT, DELIVERY AND PAYMENT

5.1 Binding minimum and maximum weekly assembly supply constraints are set forth on Schedule A. SCILLC shall provide, on a monthly basis, a rolling 12 month finished goods delivery forecast with anticipated weekly die run rates. The first 3 months of the finished goods forecast shall be fixed (the "Firm Orders") and the last 9 months will be floating (the "Forecast"). The Forecasts will be non-binding and used solely for planning purposes. The Firm Orders shall act as purchase orders. As an example, orders for finished goods out for the month of April would be added to the Firm Order base on January first. Each new month's Firm Orders shall not be allowed to change by more than 20% per week from the previous month's run rate without mutual consent of both parties, which shall not unreasonably be withheld. SCILLC may request rush status on any production lot, and if Motorola agrees to this request, the Contract Products will be billed according to Section 4. In addition, unexpected upside demands may be requested by SCILLC within the Firm Order window. Motorola has the option of accepting such orders which will be billed according to Section 4. SCILLC may request changes to the device mix within the Firm Order window at any time prior to die starts, and Motorola shall make reasonable efforts to accommodate the request, provided that total die starts in a given technology do not change, and subject to manufacturer material availability (e.g. piece parts). If mutually agreeable to both SCILLC and Motorola, the factories may schedule starts above the max or below the min as shown in Schedule A without penalty. Delivery of die or finished

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* Confidential Information omitted and filed separately with the Securities and Exchange Commission.

goods scheduled above the max shall be on a "best-effort" basis and there shall be no penalty for late or missed deliveries on such "above max" commitments. This mutual agreement shall be documented by email from the planning managers of both Motorola and SCILLC, now envisioned to be Duff Young for Motorola and Didier Ribas for SCILLC, or their functional replacements in the future. The same two individuals will also document requests for early termination of foundry services by email.

5.2 Motorola is required to maintain capacity sufficient to meet the supply set forth in SCILLC's Firm Orders, subject to the maximum weekly supply constraints. In the event Firm Orders for any Product over a monthly period fall below the minimum weekly die supplies for those Contract Products during that month, SCILLC will be responsible for Motorola's fixed costs (equal to unit costs minus material costs, calculated according to Motorola's cost allocation methodologies as of May 11, 1999) associated with maintaining capacity to produce the relevant minimum weekly supply, taking into account any products actually purchased by SCILLC, provided that Motorola shall take all reasonable steps to limit such fixed costs. In such an event, SCILLC shall have the right to audit such fixed costs. In the event SCILLC notifies Motorola that the Firm Orders are likely to continue to be below the minimum weekly commitments, the parties shall meet and explore potential solutions to the shortfall, which may include, subject to mutual consent, a reduction of the minimum weekly commitments, efforts to reduce fixed costs or the early termination of the relevant Product line. SCILLC's liability for the cancellation of any Firm Orders will be limited to the actual expenses reasonably incurred by Motorola in anticipation of the Firm Orders, provided that Motorola shall take all reasonable steps to mitigate any such damages. SCILLC will have no liability for failure to meet minimum VHVIC order commitments or for the cancellation of any Firm Orders in the event such failure or cancellation is due to an adverse outcome in the matter of Power Integrations v. Motorola.

5.3 If Motorola does not agree to start the die necessary to meet SCILLC's Firm Orders (on a cumulative basis), even though the die start volume meets the min-max limits for the Product as set forth in Schedule A, Motorola will pay SCILLC per die liquidated damages equal to the gross margin for that Product for the previous fiscal quarter, once those die starts are delinquent by more than 30 days, provided that in no case will Motorola be required to pay any such damages until the total amount of liquidated damages payable under this contract exceed $50,000.00. No damages will be payable under this Section if Motorola is unable to start die because such die have not been provided by SCILLC.

5.4 In the event Motorola has started the die but fails to deliver a number of functional assembled products equal to 80% of the volume set forth in the Firm Orders within 30 days of the date specified in the Firm Orders, the factory manager will initiate best efforts recovery programs (which may include overtime, rush lots, or increased starts) and report the recovery plan to the respective directors of planning and directors of manufacturing at Motorola and SCILLC. At

the option of the SCILLC planning organization, the recovery plan can be declined and the orders cancelled without penalty for either party.

5.5 In the event Motorola has started the die but fails to deliver a number of functional assembled products equal to 70% of the volume set forth in the Firm Orders within 60 days of the date specified in the Firm Orders, Motorola will be required to pay per unit liquidated damages (as described below) for the delivery shortfall below 85% of the ordered amount set forth in relevant Firm Order, provided that in no case will Motorola be required to pay any such damages until the total amount of liquidated damages payable under this contract exceed $50,000.00. Per unit liquidated damages shall be equal to the gross margin for each of the Contract Products (equal to the gross margin for that Product for the previous fiscal quarter.)

5.6 No party will be liable for failure or delay under this Agreement owing to any cause beyond its control, including, but not limited to, acts of God, governmental orders or restriction, war, threat of war, warlike conditions, fire, hostilities, sanctions, revolution, riot, looting or inability to obtain necessary transportation, labor, materials or facilities (together, "Force Majeure.") In the event of Force Majeure, each parties' time for delivery or other performance will be extended for a period equal to the duration of the delay caused thereby. If the Force Majeure continues or is foreseen without question to continue for more than 3 months, the non-affected party may terminate this Agreement immediately upon written notice. Motorola will notify SCILLC at the earliest indication of any interruption in supply of the Contract Products or other facility difficulty that may affect the availability of Contract Products under this Agreement.

5.7 Contract Products shall be shipped at the time set forth in the Firm Orders pursuant to the terms of the Logistics Schedule. Contract Products shall be billed and title shall pass to SCILLC at shipment, and risk of loss shall pass to SCILLC upon receipt at the destination set forth therein. Motorola will be responsible for compliance with any local laws, including export control laws related to the manufacture and delivery of the Contract Products.

5.8 Payment terms are net 30 days from the date of invoice. Payments will be due in U.S. dollars except for products manufactured in Japan, which will be paid in Yen as set forth in Schedule A.

5.9 The MIN/MAX in KLM for TO-220-5LD (package 0035) assumes successful qualification of gold bond wires, a new mold and the appropriate mold components to produce 420 K/week.

5.10 Min and Max volumes in Schedule A shall refer to assembly and/or test starts and/or outs as follows:

SITE:	OPERATIONS PERFORMED:	MIN / MAX REFERS TO:
KLM	Assy & Test	Assy Starts
CHN	Assy & Test	Assy Starts
TLS	Assy & Test	Assy Starts
	Test Only	Test Outs

6 OTHER SERVICES

6.1 Motorola shall provide all reasonable support for the Assembly Services consistent with past practice, industry standards and Motorola form contracts.

6.2 Motorola shall keep SCILLC apprised of any major planned process changes or other significant changes relating to the Contract Products (each as defined by Motorola standard operating procedures for process changes), and shall not make any such changes without the consent of SCILLC, which shall not unreasonably be withheld. Implementation of any process changes consented to by SCILLC shall be based on Motorola standard operating procedures for process changes.

6.3 For products with last start dates after the end of 2000 ("Long Term Products"), Motorola shall cooperate in good faith with any assembly process related changes reasonably requested by SCILLC, and the parties shall negotiate in good faith any price adjustments based on such changes. In the event such negotiations are not successful, SCILLC may terminate this agreement with respect to any of such Long Term Products on 3 months written notice.

7 EQUIPMENT

7.1 SCILLC owned equipment used at any of the Factories will be governed pursuant to the terms of the Equipment Lease and Repurchase Agreement.

8 WARRANTY

8.1 Motorola warrants that products sold hereunder shall from date of shipment be free and clear of liens and encumbrances, and for 120 days from date of shipment shall be free from defects in workmanship. In the event a workmanship defect is discovered, Motorola agrees at its sole expense to replace or provide a credit equal to the moneys paid for the affected unit(s) of products, provided that the provision of a credit or the replacement of products shall not limit Motorola's obligations to pay liquidated damages under Section 5.4 and 5.5, hereof, for failure to deliver

functional die on a timely basis, although such liquidated damages shall be offset by the amount of any credit paid.

8.2 Motorola shall destroy and properly dispose of all Scrap in order to prevent any unauthorized sale of any Contract Product, which cannot be reclaimed. Motorola shall return such Scrap to SCILLC at SCILLC's request and expense.

8.3 THIS WARRANTY EXTENDS TO SCILLC ONLY AND MAY BE INVOKED ONLY BY SCILLC FOR ITS CUSTOMERS. MOTOROLA SHALL NOT ACCEPT WARRANTY RETURNS DIRECTLY FROM SCILLC'S CUSTOMERS OR USERS OF SCILLC'S PRODUCTS. MOTOROLA DOES NOT WARRANT PRODUCTS REJECTED AS A RESULT OF RELIABILITY TESTING OR PROCESSING NOT PREVIOUSLY AGREED TO IN WRITING. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES WHETHER EXPRESS, IMPLIED OR STATUTORY INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE. THIS WARRANTY DOES NOT APPLY TO DEFECTS ARISING AS A RESULT OF SCILLC'S DESIGN, FORMULA, OR APPLICATION.

8.4 In the event repeated field failures occur with respect to a Contract Product, or a significant field failure occurs which requires immediate attention, Motorola and SCILLC will discuss a solution in good faith. This provision does not expand Motorola's warranty obligations or any other liabilities beyond those expressly set forth in this Section or limit Motorola's obligations to pay damages under Section 5, hereof.

8.5 EXCEPT AS EXPLICITLY SET FORTH IN THIS AGREEMENT, IN NO EVENT SHALL MOTOROLA BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER (INCLUDING, WITHOUT LIMITATION, LOST PROFITS) REGARDLESS OF THE LEGAL THEORY ON WHICH ANY SUCH CLAIM MAY BE MADE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9 INTELLECTUAL PROPERTY

9.1 Ownership of IP related to the Contract Products will be governed by the IP Agreement. Other than as set forth therein or as separately agreed to between the parties in the event of any process change, the provision of Assembly Services by Motorola does not imply any transfer of Motorola's intellectual property, technical information, or know how.

10 TERM

10.1 Last start dates are as set forth on Schedule A. SCILLC may terminate the agreement with respect to any Contract Products on 6 months written notice.

10.2 Motorola shall provide reasonable assistance to SCILLC in transitioning the Assembly Services covered by this Agreement to a separate facility prior to expiration or termination provided Motorola shall have personnel available, which services shall be billed at Motorola's costs, including overhead.

10.3 Motorola's assistance in transitioning the products listed in this Section 10 may also include training of the relevant employees which shall be provided at Motorola's facilities and billed at Motorola's costs, including overhead.

10.4 In the event SCILLC requires a factory to remain open beyond the planned closure date listed in Schedule A, the price for Assembly Services will be calculated as follows: (i) if SCILLC becomes the sole user of a factory after the planned closure dates, then such price will first be adjusted to cover the factory costs; and (ii) such price, whether or not adjusted pursuant to (i) above, will escalate by 10% (without compounding of interest) each month thereafter, subject to a cap of 200% of the adjusted price. In no case will SCILLC be liable for any damages set forth in this Section if Motorola is responsible for the late closure, whether as a result of Motorola's failure to meet any Firm Orders for the relevant Product at such factory or at another factory providing the same services, or as a result of delays in the relocation of any other facilities in Motorola's control.

11 SITE ACCESS

11.1 Motorola shall allow SCILLC to visit and inspect the facilities upon reasonable notice during normal business hours, provided that SCILLC must first obtain Motorola's consent to any such visit, which consent shall not unreasonably be withheld. Motorola may limit such site inspections to no more than once per calendar year, except in the event of any exceptional circumstances, including Motorola's failure to meet any of its Firm Orders under this agreement.

12 EXPORT CONTROL LAWS

12.1 The parties acknowledge that each must comply with all applicable rules and laws in the performance of their respective duties and obligations including, but not limited to, those relating to restrictions on export and to approval of agreements. Each party will be responsible for obtaining and maintaining all approvals and licenses, including export licenses, permits and governmental authorizations from the appropriate governmental authorities as may be required to enable such party to fulfill its obligations under this Agreement. Each party agrees to use its best efforts to the other in obtaining any such approvals, export licenses, permits or governmental authorizations.

12.2 Each party agrees that, unless prior written authorization is obtained from the United States Bureau of Export Administration, it will not export, re-export, or transship, directly or indirectly, any products or technical information that would

be in contravention of the Export Administration Regulations then in effect as published by the United States Department of Commerce.

13 ENVIRONMENTAL

13.1 Allocation of responsibility for environmental and employee health and safety liabilities pre-dating the Closing shall be covered by the terms of the Recapitalization Agreement.

13.2 Subject to the obligations of the parties set forth in the Recapitalization Agreement with respect to Environmental Liabilities, including Pre-Closing Liabilities, each as defined therein, Motorola agrees to indemnify SCILLC for claims/liabilities relating to Motorola's operations pursuant to this Agreement involving the Release of Hazardous Substances, or non-compliance with Environmental Laws.

13.3 Motorola acknowledges that it is responsible for complying, and agrees that it will comply in all material respects, with applicable Environmental Laws, including those relating to worker health and safety, the Release of Hazardous Substances, and the management, storage, treatment, recycling or disposal of any waste generated as a result of its operations pursuant to this Agreement. Motorola acknowledges that it is the owner and generator of waste generated from its activities pursuant to this Agreement.

14 ASSIGNMENT

14.1 This Agreement shall be binding upon, inure to the benefit of, and be enforceable by or against the parties hereto and their respective successors and assigns; provided, however, that neither party hereto may assign this Agreement without the prior written consent of the other (which consent shall not unreasonably be withheld) except to a party that acquires all or substantially all of the assets of the assigning party or for the account of the lenders providing bank financing solely and specifically for the purpose of securing such bank financing in connection with the Recapitalization Agreement and the transactions contemplated thereby.

15 CONFIDENTIALITY

15.1 Each party will treat as confidential all Confidential Information of the other party in accordance with the terms of the IP Agreement.

16 NOTIFICATION

16.1 Unless otherwise indicated herein, all notices, requests, demands or other communications to the respective parties hereto shall be deemed to have been given or made when deposited in the mails, registered mail, return receipt

requested, postage prepaid, or by facsimile to the respective party at the following address:

If to Motorola for Technical Matters:	Motorola, Inc. 6501 William Cannon Drive West Austin, Texas 78735 Facsimile Number: (512) 895-3809 Attn: Jon Dahm
If to Motorola:	Motorola, Inc. Law Department 1303 E. Algonquin Road Schaumburg, Illinois 60196 Facsimile Number: (847) 576-3628 Attn: General Counsel
and to	Winston & Strawn 35 West Wacker Drive Chicago, Illinois 60601 Facsimile Number:(312) 558-5700 Attn: Oscar A. David, Esq.
If to SCILLC:	SCG Holding Corporation 5005 E. McDowell Road Phoenix, Arizona 85008 Facsimile Number: (602) 244-4830 Attn: Dario Sacomani
With copies to:	David Stanton Texas Pacific Group 345 California Street Suite 3300 San Francisco, California 94104 Facsimile Number: (415) 743-1501
and	
	Cleary, Gottlieb, Steen & Hamilton One Liberty Plaza New York, New York 10006 Attention: Paul J. Shim, Esq. Facsimile Number: (212) 225-3999

17 TRANSLATION

17.1 If this Agreement is translated into a language other than English, the English language version will be the only version binding upon the parties.

18 ENTIRE AGREEMENT

18.1 This Agreement, which includes the SOW, Schedules and other attachments, supersedes all prior discussions and writings and constitutes the entire and only contract between the parties relating to the activities to be performed hereunder for Contract Products, and it may not be changed, altered or amended except in writing and signed by duly authorized representatives of all of the parties.

18.2 If any inconsistencies arise between the terms of this Agreement, Schedule A, the SOW, a purchase order or any other agreement entered into between the parties, the order of precedence in determining the rights and obligations of the parties will be: (i) this Agreement; (ii) Schedule A; then (iii) the SOW. Without limiting the generality of the foregoing, any provisions in any purchase order concerning acceptance, proprietary information, warranties, termination, indemnification (including, without limitation, patent or other intellectual property indemnification), changes, insurance, dispute resolution or materials, tools, and equipment, will not govern or affect the rights or obligations of the parties.

19 WAIVER

19.1 The failure of any party to enforce, at any time, or for any period of time, any provision of this Agreement, to exercise any election or option provided herein, or to require, at any time, performance of any of the provisions hereof, will not be construed to be a waiver of such provision, or in any way affect the validity of this Agreement, or any part thereof, or the right of any party thereafter to enforce each and every such provision.

20 APPLICABLE LAW AND DISPUTE RESOLUTION

20.1 New York law governs this Agreement. The parties agree that the UN Convention for the International Sale of Goods shall not apply. The parties will settle any claim or controversy arising out of this Agreement in the manner set forth in Article IV.3 of the Reorganization Agreement.

21 COMPLIANCE WITH LAWS

21.1 Both parties will comply with all applicable state, federal or local laws, regulations or ordinances in the performance of their respective duties and obligations under this Agreement.

22 INDEPENDENT CONTRACTOR

22.1 It is agreed that Motorola is an independent contractor for the performance of services under this Agreement, and that for accomplishment of the desired result SCILLC is to have no control over the methods and means of accomplishment thereof, except as specifically set forth in this Agreement. There is no relationship of agency, partnership, joint venture, employment or franchise between the parties. Motorola is the sole employer and principal of any and all persons providing services under this Agreement, and is obligated to perform all requirements of an employer under federal, state, and local laws and ordinances. Motorola, or its employees or agents will not be construed to be employees of SCILLC, nor will Motorola or its employees or agents be entitled to participate in the profit sharing, pension, or other plans established for the benefit of SCILLC's employees.

23 SECTION TITLES

23.1 Section titles as to the subject matter of particular sections herein are for convenience only and are in no way to be construed as part of this Agreement or as a limitation of the scope of the particular sections to which they refer.

24 COUNTERPARTS

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

* * * * *

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date and year first set forth above.

MOTOROLA, INC.

By: /s/ Carl F. Koenemann

Name: Carl F. Koenemann

Title: Executive Vice-President and
Chief Financial Officer

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By: SCG Holding Corporation, its sole member

By: /s/ Theodore W. Schaffner

Name: Theodore W. Schaffner

Title: Vice-President

TERM SHEET
FOUNDRY AND ASSEMBLY AGREEMENT
SCHEDULE A - PRICE

SPS ASSEMBLY PRICES TO SCG

[1 PAGE REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

SCG PRODUCTS IN MBG FACTORIES
MIN/MAX ASSY/TEST (K units/week)

[2 PAGES REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

TERM SHEET
FOUNDRY AND ASSEMBLY AGREEMENT
SCHEDULE B - PRICES

****** ASSEMBLY & TEST PRICES TO SCG

[1 PAGE REDACTED]

[*CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

APPENDIX A

STATEMENT OF WORK

[159 PAGES REDACTED]
[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

EXECUTION COPY
EXHIBIT 10.10 *

MOTOROLA FOUNDRY AGREEMENT

This Motorola Foundry Agreement (this "Agreement") is made this July 31, 1999 (the "Effective Date") between Semiconductor Components Industries, LLC, a Delaware limited liability company ("SCILLC") and Motorola, Inc., a Delaware corporation ("Motorola").

WITNESSETH:

WHEREAS, pursuant to the Reorganization Agreement and the Recapitalization Agreement, as defined herein, the business and operations of the Semiconductor Components Group are being reorganized as a "stand alone" business;

WHEREAS, in connection therewith, Motorola and SCILLC desire that SCILLC provide Motorola with certain manufacturing services as set forth herein;

NOW, THEREFORE, Motorola and SCILLC agree to enter this Agreement to accomplish the foregoing premises in accordance with the following terms and conditions:

1 DEFINITIONS:

1.1 CONFIDENTIAL INFORMATION means any information disclosed by one party to the other pursuant to this Agreement which is in written, graphic, machine readable or other tangible form and is marked Confidential, Proprietary or in some other manner to indicate its confidential nature. Confidential Information may also include oral information disclosed by one party to the other pursuant to this Agreement, provided that such information is designated as confidential at the time of disclosure and reduced to a written summary by the disclosing party, within thirty (30) days after its oral disclosure, which is marked in a manner to indicate its confidential nature and delivered to the receiving party. Such Confidential Information includes but is not limited to technical information transferred hereunder and all copies and derivatives thereof and information received as a consequence of rendering or receiving technical assistance, owned or controlled by either party, which relates to its past, present or future activities with respect to the subject matter of this Agreement, provided that if such Confidential Information is disclosed by one of the parties to the other party in written and/or graphic or model form, or in the form of a computer program or data base, or any derivation thereof, the disclosing party must designate it as confidential, in writing, by an appropriate legend, together with the name of the party so disclosing it, such as Motorola Confidential Proprietary or SCILLC Confidential Proprietary Information.

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* Confidential Information in this Exhibit 10.10 has been omitted and filed separately with the Securities and Exchange Commission.

1.2 CONTRACT PRODUCTS means, collectively, those products which are described in the Schedules to this Agreement.

1.3 DIE means an individual integrated circuit or components which when completed create an integrated circuit or component.

1.4 DIE YIELD has the meaning ascribed to such term in Section 4.

1.5 EFFECTIVE DATE means the date set forth above.

1.6 ENVIRONMENTAL LAWS has the meaning ascribed to such term in the Recapitalization Agreement.

1.7 EQUIPMENT LEASE AND REPURCHASE AGREEMENT means the Equipment Lease and Repurchase Agreement between Motorola, Inc. and Semiconductor Components Industries, LLC, dated as of the date hereof.

1.8 FIRM ORDER has the meaning ascribed to such term in Section 5.1.

1.9 FORCE MAJEURE has the meaning ascribed to such term in Section 5.6.

1.10 FORECAST has the meaning ascribed to such term in Section 5.1.

1.11 HAZARDOUS SUBSTANCES has the meaning ascribed to such term in the Recapitalization Agreement.

1.12 IP AGREEMENT means the Amended and Restated Intellectual Property Agreement by and between Motorola, Inc. and Semiconductor Components Industries, LLC, dated as of the date hereof.

1.13 LOGISTICS SCHEDULE means the Logistics Schedule to the Transition Services Agreement, dated as of the date hereof by and between Motorola, Inc Semiconductor Components Industries, LLC.

1.14 LONG TERM PRODUCTS has the meaning ascribed to such term in Section 6.3.

1.15 MINIMUM YIELD CRITERIA shall have the meaning set forth in Section 3.1.

1.16 RECAPITALIZATION AGREEMENT means the Agreement and Plan of Recapitalization and Merger, as amended pursuant to Amendment No. 1 to the Recapitalization Agreement dated July 28, 1999, by and among Motorola, Inc., SCG Holding Corporation, Semiconductor Components Industries, LLC, TPG Semiconductor Holdings LLC and TPG Semiconductor Acquisition Corp made as of May 11, 1999.

1.17 RELEASE has the meaning ascribed to such term in the Recapitalization Agreement.

1.18 REORGANIZATION AGREEMENT means the Reorganization Agreement by and among Motorola, Inc., SCG Holding Corporation and Semiconductor Components Industries, LLC dated as of May 11, 1999.

1.19 MOTOROLA ASSEMBLY AGREEMENT means the Motorola Assembly Agreement between Motorola, Inc. and Semiconductor Components Industries, LLC dated as of the date hereof.

1.20 SCRAP means any metal piece part, wafer, die or device, in any stage of completion, without regard to its ability to function, that are not in conformance with the requirements of this contract for Contract Products to be sold to Motorola. Schedule A shall mean Schedule A as modified by the attached Addendum.

1.21 SOW means Appendix A. The SOW contains all currently known die types that will be fabricated in wafer form, or assembled and/or tested. The SOW documents die type, historical die yield, planning cycletime, Minimum Yield Criteria, historical assembly / test yield and assembly / test planning cycletime. The SOW shall be updated on a quarterly basis or as mutually agreed.

1.22 WAFER means a crystalline substrate for integrated circuit fabrication which when fully processed may consist of several potential finished Die.

2 FACTORIES, PRODUCTS AND TERM

2.1 As set forth in Schedule A, SCILLC shall manufacture the Contract Products for Motorola at the respective factories described in Schedule A (the "Factories") through the respective last start dates at the respective prices.

2.2 SCILLC may choose to migrate foundry services for a given Contract Products to a different Factory than shown on Schedule A by giving Motorola six months written notice. SCILLC shall be responsible for all out of pocket costs related to such a move (including masks, probe cards, and any decommissioning, packaging and shipping costs) provided that Motorola shall be responsible for costs associated with customer acceptance of any such move.

3 STATEMENT OF WORK

3.1 During the term of this Agreement, each party agrees to use the data contained in the SOW to plan and execute the manufacturing agreement as set forth in herein.

3.1.1 The historical die yield data described in the SOW will be used in conjunction with the negotiated wafer prices described in Schedule A to set a die price as described in Section 4.

3.1.2 The planning cycletime is used by Motorola and SCILLC planning organizations to provide the Forecasts and Firm Orders described in Section 5.

3.1.3 The Minimum Yield Criteria sets a threshold for die yield on each wafer below which no wafers will be shipped from SCILLC to Motorola. These minimum yields are applicable to established (mature) products for which a baseline of yield exists. For new products, engineering tests or changes, or product revisions no minimum shall apply until a baseline exists.

3.2 All Contract Products identified in the SOW are qualified for shipment at this time. No future qualification requirements or future qualification testing is required prior to shipment from SCILLC to Motorola.

3.3 SCILLC agrees to cooperate with Motorola in continuing the Reliability Audit Program (RAP) specification testing for products manufactured by SCILLC for Motorola. The Motorola specification, 12MWS00037b is being compiled from several older reliability monitor programs around the world (12MRZ09747A, 12MRZ14298A, 12MRZ06640A, 12MRD24358W, 12MRE20379W, 12MRL00144A, 12MSY63231B, 12MRK46008A, 12MRK55011A, 12MRQ95037A, 12MRR80139A, 12MRY77188A, 12MSA62492B, 12ARS03790W and 12MRB18279C). Such reliability testing shall be the responsibility of Motorola.

3.4 Future product qualification requirements shall be mutually agreed upon prior to new product introduction, but shall generally conform to current Semiconductor Product Sector standard specification 12MWS00024b.

3.5 SCILLC shall provide all facilities, equipment, material, manpower and expertise necessary to manufacture the Contract Products according to Motorola's requirements and specifications as set forth in this agreement and the appropriate SOW.

4 PRICE

4.1 Prices shall be based on the actual number of good die delivered (based on probe tests). Price per good die shall be initially based on the wafer price divided by the average die yields for the previous six months (the "Die Yield") and shall be adjusted on the same basis every six months thereafter, subject to a floor equal to the Minimum Yield Criteria.

4.2 Engineering work and initial photolithography masks, probe cards and load boards required for new product introduction, qualification or major process changes requested by Motorola will be billed at actual cost including overhead.

4.3 Rush lots requested by Motorola and accepted by SCILLC will be billed at 150% of the price agreed upon in Section 4.1. Upside die demands beyond the agreed upon Firm Orders described in Section 5.1, requested by Motorola and accepted by SCILLC will be billed at 125% of the price agreed upon in Section 4.1.

5 ORDER PLACEMENT, DELIVERY AND PAYMENT

5.1 Binding minimum and maximum weekly wafer supply constraints are set forth on Schedule A. Motorola shall provide, on a monthly basis, a rolling 12 month die delivery forecast with anticipated weekly wafer run rates. The first 3 months of the die forecast shall be fixed (the "Firm Orders") and the last 9 months will be floating (the "Forecast"). The Forecasts will be non-binding and used solely for planning purposes. The Firm Orders shall act as purchase orders. As an example, orders for die outs for the month of April would be added to the Firm Order base on January first. Each new month's Firm Orders shall not be allowed to change by more than 20% or 500 wafers per week, whichever is smaller, from the previous month's run rate without mutual consent of both parties, which shall not unreasonably be withheld. Motorola may request rush status on any production lot, and if SCILLC agrees to this request, the die will be billed according to Section 4. In addition, unexpected upside die demands may be requested by Motorola within the Firm Order window. SCILLC has the option of accepting such orders which will be billed according to Section 4. Motorola may request changes to the device mix within the Firm Order window at any time prior to wafer starts, and SCILLC shall make reasonable efforts to accommodate the request, provided that total wafer starts in a given technology do not change, and subject to manufacturer material availability (e.g. wafers). If mutually agreeable to both SCILLC and Motorola, the Factories may schedule starts above the max or below the min as shown in Schedule A without penalty. Delivery of die or finished goods scheduled above the max shall be on a "best-effort" basis and there shall be no penalty for late or missed deliveries on such "above max" commitments. This mutual agreement shall be documented by email from the planning managers of both Motorola and SCILLC, now envisioned to be Duff Young for Motorola and Didier Ribas for SCILLC, or their functional replacements in the future. The same two individuals will also document requests for early termination of foundry services by email.

5.2 SCILLC is required to maintain capacity sufficient to meet the supply of die set forth in Motorola's Firm Orders, subject to the maximum weekly wafer supply constraints. In the event Firm Orders for any Product over a monthly period fall below the minimum weekly wafer supplies for those Contract Products during

that month, Motorola will be responsible for SCILLC's fixed costs (equal to unit costs minus material costs, calculated according to Motorola's cost allocation methodologies as of May 11, 1999) associated with maintaining capacity to produce the relevant minimum weekly wafer supply, taking into account any die actually purchased by Motorola, provided that SCILLC shall take all reasonable steps to limit such fixed costs. In such an event, Motorola shall have the right to audit such fixed costs. In the event Motorola notifies SCILLC that the Firm Orders are likely to continue to be below the minimum weekly wafer supplies, the parties shall meet and explore potential solutions to the shortfall, which may include, subject to mutual consent, a reduction of the minimum weekly wafer supplies, efforts to reduce fixed costs or the early termination of the relevant Contract Product line. Motorola's liability for the cancellation of any Firm Orders will be limited to the actual expenses reasonably incurred by SCILLC in anticipation of the Firm Orders, provided that SCILLC shall take all reasonable steps to mitigate any such damages.

5.3 If SCILLC does not agree to start the wafers necessary to meet Motorola's Firm Orders (on a cumulative basis), even though the wafer start volume meets the min-max limits for the Product as set forth in Schedule A, SCILLC will pay Motorola per wafer liquidated damages equal to the gross margin for that Product for the previous fiscal quarter, once those wafer starts are delinquent by more than 30 days, provided that in no case will SCILLC be required to pay any such damages until the total amount of liquidated damages payable under this contract exceed $50,000.00. Once these damages are paid the relevant Firm Order under this Agreement and any related assembly Firm Orders under the Motorola Assembly Agreement shall be deemed cancelled and no damages or obligations to pay fixed costs shall be payable by either party for failure to order, purchase or deliver the services requiring such die pursuant to the Motorola Assembly Agreement.

5.4 In the event SCILLC has started the wafers but fails to deliver a number of functional die equal to 80% of the volume set forth in the Firm Orders within 30 days of the date specified in the Firm Orders, the factory manager will initiate best efforts recovery programs (which may include overtime, rush lots, or increased starts) and report the recovery plan to the respective directors of planning and directors of manufacturing at SCILLC and Motorola. At the option of the Motorola planning organization, the recovery plan can be declined and the orders cancelled without penalty for either party.

5.5 In the event SCILLC has started the wafers but fails to deliver a number of functional die equal to 70% of the volume set forth in the Firm Orders within 90 days of the date specified in the Firm Orders, SCILLC will be required to pay per die liquidated damages (as described below) for the die shortfall below 85% of the ordered die amount set forth in relevant Firm Order, provided that in no case will

SCILLC be required to pay any such damages until the total amount of liquidated damages payable under this contract exceed $50,000.00. Per die liquidated damages shall be equal to the gross margin per die for each of the Contract Products (equal to the gross margin for that Product for the previous fiscal quarter). If liquidated damages are paid pursuant to this Section and such die are required for any assembly services pursuant to the Motorola Assembly Agreement, no damages or obligations to pay fixed costs shall be payable by either party for failure to order, purchase or deliver the services requiring such die pursuant to the Motorola Assembly Agreement.

5.6 No party will be liable for failure or delay under this Agreement owing to any cause beyond its control, including, but not limited to, acts of God, governmental orders or restriction, war, threat of war, warlike conditions, fire, hostilities, sanctions, revolution, riot, looting or inability to obtain necessary transportation, labor, materials or facilities (together, "Force Majeure") In the event of Force Majeure, each parties' time for delivery or other performance will be extended for a period equal to the duration of the delay caused thereby. If the Force Majeure continues or is foreseen without question to continue for more than 3 months, the non-affected party may terminate this Agreement immediately upon written notice. SCILLC will notify Motorola at the earliest indication of any interruption in supply of the Contract Products or other facility difficulty that may affect the availability of Contract Products under this Agreement.

5.7 Contract Products shall be shipped at the time set forth in the Firm Orders pursuant to the terms of the Logistics Schedule. Contract Products shall be billed and title shall pass to Motorola at shipment, and risk of loss shall pass to Motorola upon receipt at the destination set forth therein. SCILLC will be responsible for compliance with any local laws, including export control laws related to the manufacture and delivery of the Contract Products.

5.8 Payment terms are net 30 days from the date of invoice. Payments will be due in U.S. dollars except for Contract Products manufactured in Japan, which will be paid in Yen as set forth in Schedule A.

5.9 If actual die yields exceed the Die Yield, SCILLC shall use reasonable efforts to adjust its wafer starts and keep such die in its inventory in order to deliver ordered die as set forth in the Firm Orders, provided that SCILLC shall have the right to ship up to 110% of the die specified in the Firm Orders resulting from increased Die Yields, and Motorola shall accept delivery of such excess die, if future Firm Orders are insufficient to account for such excess die.

5.10 Demand for TMOS from MOS-4 is now zero wafers/week. No further demand is expected so the min/max should be 0 without penalty.

6 OTHER SERVICES

6.1 SCILLC shall provide all reasonable support for the wafer manufacturing processes and associated processes used to manufacture the Contract Products consistent with past practice, industry standards and Motorola form contracts.

6.2 SCILLC shall keep Motorola apprised of any major planned process changes or other significant changes relating to the Contract Products (each as defined by Motorola standard operating procedures for process changes), and shall not make any such changes without the consent of Motorola, which shall not unreasonably be withheld. Implementation of any process changes consented to by Motorola shall be based on Motorola standard operating procedures for process changes.

6.3 For Contract Products with last start dates after the end of 2000 ("Long Term Products"), SCILLC shall cooperate in good faith with any process or other manufacturing changes reasonably requested by Motorola, and the parties shall negotiate in good faith any price adjustments based on such changes. In the event such negotiations are not successful, Motorola may terminate this agreement with respect to any of such Long Term Products on 3 months written notice.

7 WARRANTY / REJECTION CRITERIA

7.1 Motorola may refuse wafers that fail to meet the Minimum Yield Criteria as set forth in the appropriate SOW. SCILLC shall be responsible for all costs related to the return of any such wafers.

7.2 SCILLC warrants that products sold hereunder shall from date of shipment be free and clear of liens and encumbrances, and for 120 days from date of shipment shall be free from defects in workmanship. In the event a workmanship defect is discovered, SCILLC agrees at its sole expense to replace or provide a credit equal to the moneys paid for the affected unit(s) of products, provided that the provision of a credit or the replacement of products shall not limit SCILLC's obligations to pay liquidated damages under Section 5.4 and 5.5, hereof, for failure to deliver functional die on a timely basis, although such liquidated damages shall be offset by the amount of any credit paid.

7.3 SCILLC shall destroy and properly dispose of all Scrap in order to prevent any unauthorized sale of any Contract Product, which cannot be reclaimed. SCILLC shall return such Scrap to Motorola at Motorola's request and expense.

7.4 THIS WARRANTY EXTENDS TO MOTOROLA ONLY AND MAY BE INVOKED ONLY BY MOTOROLA FOR ITS CUSTOMERS. SCILLC SHALL NOT ACCEPT WARRANTY RETURNS DIRECTLY FROM MOTOROLA'S CUSTOMERS OR USERS OF MOTOROLA'S PRODUCTS. SCILLC DOES

NOT WARRANT CONTRACT PRODUCTS REJECTED AS A RESULT OF RELIABILITY TESTING OR PROCESSING NOT PREVIOUSLY AGREED TO IN WRITING. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES WHETHER EXPRESS, IMPLIED OR STATUTORY INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE. THIS WARRANTY DOES NOT APPLY TO DEFECTS ARISING AS A RESULT OF SCG'S DESIGN, FORMULA, OR APPLICATION.

7.5 In the event repeated field failures occur with respect to a Contract Product, or a significant field failure occurs which requires immediate attention, Motorola and SCILLC will discuss a solution in good faith. This provision does not expand SCILLC's warranty obligations or any other liabilities beyond those expressly set forth in this Section or limit SCILLC's obligations to pay damages under Section 5, hereof.

7.6 EXCEPT AS EXPLICITLY SET FORTH IN THIS AGREEMENT, IN NO EVENT SHALL SCILLC BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER (INCLUDING, WITHOUT LIMITATION, LOST PROFITS) REGARDLESS OF THE LEGAL THEORY ON WHICH ANY SUCH CLAIM MAY BE MADE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

8 INTELLECTUAL PROPERTY

8.1 Ownership of intellectual property related to the Contract Products will be governed by the IP Agreement. Other than as set forth therein or as separately agreed to between the parties in the event of any process change, the manufacture of the Contract Products by SCILLC does not imply any transfer of SCILLC's intellectual property, technical information, or know how.

9 TERM

9.1 Last start dates are as set forth on Schedule A. Motorola may terminate the agreement with respect to any Contract Products on 6 months written notice.

9.2 SCILLC shall provide reasonable assistance to Motorola in transitioning the manufacture of the Contract Products covered by this Agreement to a separate facility prior to expiration or termination provided SCILLC shall have personnel available, which services shall be billed at SCILLC's costs, including overhead.

9.3 SCILLC's assistance in transitioning the products listed in this Section 10 may also include training of the relevant employees which will be provided at SCILLC's facilities and billed at SCILLC's costs, including overhead.

9.4 In the event Motorola requires a Factory to remain open beyond the planned closure date listed in Schedule A, the die price will be calculated as follows: (i) if Motorola becomes the sole user of a Factory after the planned closure dates, then the die price will first be adjusted to cover the full factory costs; and (ii) the die price, whether or not adjusted pursuant to (i) above, will escalate by 10% (without compounding of interest) each month thereafter, subject to a cap of 200% of the adjusted die price. In no case will Motorola be liable for any damages set forth in this Section if SCILLC is responsible for the late closure, whether as a result of SCILLC's failure to meet any Firm Orders for the relevant Product at such Factory or at another Factory producing the same Contract Products, or as a result of delays in the relocation of any other facilities in SCILLC's control.

10 SITE ACCESS

10.1 SCILLC shall allow Motorola to visit and inspect the facilities upon reasonable notice during normal business hours, provided that Motorola must first obtain SCILLC's consent to any such visit, which consent shall not unreasonably be withheld. SCILLC may limit such site inspections to no more than once per calendar year, except in the event of any exceptional circumstances, including SCILLC's failure to meet any of its Firm Orders under this agreement.

11 ENVIRONMENTAL

11.1 Allocation of responsibility for environmental and employee health and safety liabilities pre-dating the Closing shall be covered by the terms of the Recapitalization Agreement.

11.2 Subject to the obligations of the parties set forth in the Recapitalization Agreement with respect to Environmental Liabilities, including Pre-Closing Liabilities, each as defined therein, SCILLC agrees to indemnify Motorola for claims/liabilities relating to Motorola's operations pursuant to this Agreement involving the Release of Hazardous Substances, or non-compliance with Environmental Laws.

11.3 SCILLC acknowledges that it is responsible for complying, and agrees that it will comply in all material respects, with applicable Environmental Laws, including those relating to worker health and safety, the Release of Hazardous Substances, and the management, storage, treatment, recycling or disposal of any waste generated as a result of its operations pursuant to this Agreement. SCILLC acknowledges that it is the owner and generator of waste generated from its activities pursuant to this Agreement.

12 EXPORT CONTROL LAWS

12.1 The parties acknowledge that each must comply with all applicable rules and laws in the performance of their respective duties and obligations including, but not limited to, those relating to restrictions on export and to approval of agreements. Each party will be responsible for obtaining and maintaining all approvals and licenses, including export licenses, permits and governmental authorizations from the appropriate governmental authorities as may be required to enable such party to fulfill its obligations under this Agreement. Each party agrees to use its best efforts to the other in obtaining any such approvals, export licenses, permits or governmental authorizations.

12.2 Each party agrees that, unless prior written authorization is obtained from the United States Bureau of Export Administration, it will not export, re-export, or transship, directly or indirectly, any products or technical information that would be in contravention of the Export Administration Regulations then in effect as published by the United States Department of Commerce.

13 ASSIGNMENT

13.1 This Agreement shall be binding upon, inure to the benefit of, and be enforceable by or against the parties hereto and their respective successors and assigns; provided, however, that neither party hereto may assign this Agreement without the prior written consent of the other (which consent shall not unreasonably be withheld) except to a party that acquires all or substantially all of the assets of the assigning party or for the account of the lenders providing bank financing solely and specifically for the purpose of securing such bank financing in connection with the Recapitalization Agreement and the transactions contemplated thereby.

14 CONFIDENTIALITY

14.1 Each party will treat as confidential all Confidential Information of the other party in accordance with the terms of the IP Agreement.

15 NOTIFICATION

15.1 Unless otherwise indicated herein, all notices, requests, demands or other communications to the respective parties hereto shall be deemed to have been given or made when deposited in the mails, registered mail, return receipt requested, postage prepaid, or by facsimile to the respective party at the following address:

If to Motorola for Technical	Motorola, Inc. 6501 William Cannon Drive West

Matters:	Austin, Texas 78735 Facsimile Number: (512) 895-3809 Attn: Jon Dahm
If to Motorola:	Motorola, Inc. Law Department 1303 E. Algonquin Road Schaumburg, Illinois 60196 Facsimile Number: (847) 576-3628 Attn: General Counsel
and to	Winston & Strawn 35 West Wacker Drive Chicago, Illinois 60601 Facsimile Number:(312) 558-5700 Attn: Oscar A. David, Esq.
If to SCILLC:	SCG Holding Corporation 5005 E. McDowell Road Phoenix, Arizona 85008 Facsimile Number: (602) 244-4830 Attn: Dario Sacomani
With copies to:	David Stanton Texas Pacific Group 345 California Street Suite 3300 San Francisco, California 94104 Facsimile Number: (415) 743-1501
and	
	Cleary, Gottlieb, Steen & Hamilton One Liberty Plaza New York, New York 10006 Attention: Paul J. Shim, Esq. Facsimile Number: (212) 225-3999

16 TRANSLATION

16.1 If this Agreement is translated into a language other than English, the English language version will be the only version binding upon the parties.

17 ENTIRE AGREEMENT

17.1 This Agreement, which includes the SOW, Schedules and other attachments, supersedes all prior discussions and writings and constitutes the entire and only contract between the parties relating to the activities to be performed hereunder for Contract Products, and it may not be changed, altered or amended except in writing and signed by duly authorized representatives of all of the parties.

17.2 If any inconsistencies arise between the terms of this Agreement, Schedule A. the SOW, a purchase order or any other agreement entered into between the parties, the order of precedence in determining the rights and obligations of the parties will be: (i) this Agreement; (ii) Schedule A; then (iii) the SOW. Without limiting the generality of the foregoing, any provisions in any purchase order concerning acceptance, proprietary information, warranties, termination, indemnification (including, without limitation, patent or other intellectual property indemnification), changes, insurance, dispute resolution or materials, tools, and equipment, will not govern or affect the rights or obligations of the parties.

18 WAIVER

18.1 The failure of any party to enforce, at any time, or for any period of time, any provision of this Agreement, to exercise any election or option provided herein, or to require, at any time, performance of any of the provisions hereof, will not be construed to be a waiver of such provision, or in any way affect the validity of this Agreement, or any part thereof, or the right of any party thereafter to enforce each and every such provision.

19 APPLICABLE LAW AND DISPUTE RESOLUTION

19.1 New York law governs this Agreement. The parties agree that the UN Convention for the International Sale of Goods shall not apply. The parties will settle any claim or controversy arising out of this Agreement in the manner set forth in Article IV.3 of the Reorganization Agreement.

19.2 Both parties will comply with all applicable state, federal or local laws, regulations or ordinances in the performance of their respective duties and obligations under this Agreement.

20 INDEPENDENT CONTRACTOR

20.1 It is agreed that SCILLC is an independent contractor for the performance of services under this Agreement, and that for accomplishment of the desired result Motorola is to have no control over the methods and means of accomplishment thereof, except as specifically set forth in this Agreement. There is no relationship

of agency, partnership, joint venture, employment or franchise between the parties. SCILLC is the sole employer and principal of any and all persons providing services under this Agreement, and is obligated to perform all requirements of an employer under federal, state, and local laws and ordinances. SCILLC, or its employees or agents will not be construed to be employees of Motorola, nor will SCILLC or its employees or agents be entitled to participate in the profit sharing, pension, or other plans established for the benefit of Motorola's employees.

21 SECTION TITLES

21.1 Section titles as to the subject matter of particular sections herein are for convenience only and are in no way to be construed as part of this Agreement or as a limitation of the scope of the particular sections to which they refer.

22 COUNTERPARTS

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

* * * * *

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date and year first set forth above.

MOTOROLA, INC.

By: /s/ Carl F. Koenemann

Name: Carl F. Koenemann

Title: Executive Vice-President and Chief Financial Officer

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By: SCG Holding Corporation, its sole member

By: /s/ Theodore W. Schaffner

Name: Theodore W. Schaffner

Title: Vice-President

TERM SHEET
FOUNDRY AND ASSEMBLY AGREEMENT
SCHEDULE A -- PRICES

SPS FAB FOUNDRY PRICES TO SPS

[3 PAGES REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

TERM SHEET
FOUNDRY AND ASSEMBLY AGREEMENT

SCHEDULE A--MIN/MAX

[1 PAGE REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

Appendix A
Statement of Work

[159 PAGES REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

EXECUTION COPY
EXHIBIT 10.11*

SCG FOUNDRY AGREEMENT

This SCG Assembly Agreement (this "Agreement") is made this July 31, 1999 (the "Effective Date") between Semiconductor Components Industries, LLC, a Delaware limited liability company ("SCILLC") and Motorola, Inc., a Delaware corporation ("Motorola").

WITNESSETH:

WHEREAS, pursuant to the Reorganization Agreement and the Recapitalization Agreement, as defined herein, the business and operations of the Semiconductor Components Group are being reorganized as a "stand alone" business;

WHEREAS, in connection therewith, Motorola, and SCILLC desire that Motorola, as a foundry, provide SCILLC with certain manufacturing services as set forth herein;

NOW, THEREFORE, SCILLC and Motorola agree to enter this Agreement to accomplish the foregoing premises in accordance with the following terms and conditions:

1 DEFINITIONS:

1.1 CONFIDENTIAL INFORMATION means any information disclosed by one party to the other pursuant to this Agreement which is in written, graphic, machine readable or other tangible form and is marked Confidential, Proprietary or in some other manner to indicate its confidential nature. Confidential Information may also include oral information disclosed by one party to the other pursuant to this Agreement, provided that such information is designated as confidential at the time of disclosure and reduced to a written summary by the disclosing party, within thirty (30) days after its oral disclosure, which is marked in a manner to indicate its confidential nature and delivered to the receiving party. Such Confidential Information includes but is not limited to Technical Information transferred hereunder and all copies and derivatives thereof and information received as a consequence of rendering or receiving technical assistance, owned or controlled by either party, which relates to its past, present or future activities with respect to the subject matter of this Agreement, provided that if such Confidential Information is disclosed by one of the parties to the other party in written and/or graphic or model form, or in the form of a computer program or data base, or any derivation thereof, the disclosing party must designate it as confidential, in writing, by an appropriate legend, together with the name of the party so disclosing it, such as SCILLC Confidential Proprietary or Motorola Confidential Proprietary Information.

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*Confidential information in this Exhibit 10.11 has been omitted and filed separately with The Securities and Exchange Commission.

1.2 CONTRACT PRODUCTS means, collectively, those products which are described in the Schedules to this Agreement.

1.3 DIE means an individual integrated circuit or components which when completed create an integrated circuit or component.

1.4 DIE YIELD has the meaning ascribed to such term in Section 4

1.5 EFFECTIVE DATE means the date set forth above

1.6 EMPLOYEE MATTERS AGREEMENT means the Employee Matters Agreement by and among Motorola, Inc., SCG Holding Corporation and Semiconductor Components Industries, LLC, made as of May 11, 1999, as amended and restated from time to time.

1.7 ENVIRONMENTAL LAWS has the meaning ascribed to such term in the Recapitalization Agreement.

1.8 EQUIPMENT LEASE AND REPURCHASE AGREEMENT means the Equipment Lease and Repurchase Agreement between Motorola, Inc and Semiconductor Components Industries, LLC, dated as of the date hereof.

1.9 FIRM ORDER has the meaning ascribed to such term in Section 5.1.

1.10 FORCE MAJEURE has the meaning ascribed to such term in Section 5.6.

1.11 FORECAST has the meaning ascribed to such term in Section 5.1.

1.12 HAZARDOUS SUBSTANCES has the meaning ascribed to such term in the Recapitalization Agreement.

1.13 IP AGREEMENT means the Amended and Restated Intellectual Property Agreement by and between Motorola, Inc. and Semiconductor Components Industries, LLC, dated as of the date hereof.

1.14 LOGISTICS SCHEDULE means the Logistics Schedule to the Transition Services Agreement, dated as of the date hereof, by and between Motorola, Inc and Semiconductor Components Industries, LLC

1.15 LONG TERM PRODUCTS has the meaning ascribed to such term in Section 6.3.

1.16 MINIMUM YIELD CRITERIA shall have the meaning set forth in Section 3.1.

1.17 RECAPITALIZATION AGREEMENT means the Agreement and Plan of Recapitalization and Merger, as amended pursuant to Amendment No. 1 to the Recapitalization Agreement dated July 28, 1999, by and among Motorola, Inc., SCG Holding Corporation, Semiconductor Components Industries, LLC, TPG Semiconductor

Holdings LLC and TPG Semiconductor Acquisition Corp made as of May 11, 1999.

1.18 RELEASE has the meaning ascribed to such term in the Recapitalization Agreement.

1.19 REORGANIZATION AGREEMENT means the Reorganization Agreement by and among Motorola, Inc., SCG Holding Corporation and Semiconductor Components Industries, LLC dated as of May 11, 1999.

1.20 SCG ASSEMBLY AGREEMENT means the SCG Assembly Agreement between Motorola, Inc. and Semiconductor Components Industries, LLC dated as of the date hereof.

1.21 SCRAP means any metal piece part, wafer, die or device, in any stage of completion, without regard to its ability to function, that are not in conformance with the requirements of this contract for Contract Products to be sold to SCILLC.

1.22 SOW means Appendix A. The SOW contains all currently known die types that will be fabricated in wafer form, or assembled and/or tested. The SOW documents die type, historical die yield, planning cycletime, Minimum Yield Criteria, historical assembly / test yield and assembly / test planning cycletime. The SOW shall be updated on a quarterly basis or as mutually agreed.

1.23 WAFER means a crystalline substrate for integrated circuit fabrication which when fully processed may consist of several potential finished Die.

2 FACTORIES, PRODUCTS AND TERM

2.1 As set forth in Schedule A, Motorola shall manufacture the listed Contract Products for SCILLC at the respective factories described in Schedule A (the "Factories") through the respective last start dates at the respective prices.

2.2 Motorola may choose to migrate foundry services for a given Contract Product to a different factory than shown on Schedule A by giving SCILLC six months written notice. Motorola shall be responsible for all out of pocket costs related to such a move (including masks, probe cards, and any decommissioning, packaging and shipping costs) provided that SCILLC shall be responsible for costs associated with customer acceptance of any such move.

3 STATEMENT OF WORK

3.1 During the term of this Agreement, each party agrees to use the data contained in the SOW to plan and execute the manufacturing agreement as described hereby.

3.1.1 The historical die yield data described in the SOW will be used in

conjunction with the negotiated wafer prices described in Schedule A to set a die price as described in Section 4.1.

3.1.2 The planning cycletime is used by SCILLC and Motorola planning organizations to provide the Forecasts and Firm Orders described in Section 5.

3.1.3 The Minimum Yield Criteria sets a threshold for die yield on each wafer below which no wafers will be shipped from Motorola to SCILLC. These minimum yields are applicable to established (mature) products for which a baseline of yield exists. For new products, engineering tests or changes, or product revisions no minimum shall apply until a baseline exists.

3.2 All Contract Products identified in the SOW are qualified for shipment at this time. No future qualification requirements or future qualification testing is required prior to shipment from Motorola to SCILLC.

3.3 Motorola agrees to cooperate with SCILLC in continuing the Reliability Audit Program (RAP) specification 12MRM15301A for the products manufactured by Motorola for SCILLC. Such reliability testing shall be the responsibility of SCILLC.

3.4 Future product qualification requirements shall be mutually agreed upon prior to new product introduction, but shall generally conform to current Semiconductor Product Sector standard specification 12MWS00024b.

3.5 Motorola shall provide all facilities, equipment, material, manpower and expertise necessary to manufacture the products according to SCILLC's requirements and specifications as set forth in this Agreement and the appropriate SOW.

4 PRICE

4.1 Prices shall be based on the actual number of good die delivered (based on probe tests). Price per good die shall be initially based on the wafer price divided by the average die yields for the previous six months (the "Die Yield") and shall be adjusted on the same basis every six months thereafter, subject to a floor equal to the Minimum Yield Criteria.

4.2 Engineering work and initial photolithography masks, probe cards and load boards required for new product introduction, qualification or major process changes requested by SCILLC will be billed at actual cost including overhead.

4.3 Rush lots requested by SCILLC and accepted by Motorola will be billed at 150% of the price agreed upon in Section 4.1. Upside die demands beyond the agreed upon Firm Orders described in Section 5.1, requested by SCILLC and accepted by Motorola will be billed at 125% of the price agreed upon in Section 4.1.

5 ORDER PLACEMENT, DELIVERY AND PAYMENT

5.1 Binding minimum and maximum weekly wafer supply constraints are set forth on Schedule A. SCILLC shall provide, on a monthly basis, a rolling 12 month die delivery forecast with anticipated weekly wafer run rates. The first 3 months of the die forecast shall be fixed (the "Firm Orders") and the last 9 months will be floating (the "Forecast"). The Forecasts will be non-binding and used solely for planning purposes. The Firm Orders shall act as purchase orders. As an example, orders for die outs for the month of April would be added to the Firm Order base on January first. Each new month's Firm Orders shall not be allowed to change by more than 20% or 500 wafers per week, whichever is smaller, from the previous month's run rate without mutual consent of both parties, which shall not unreasonably be withheld. SCILLC may request rush status on any production lot, and if Motorola agrees to this request, the die will be billed according to Section 4 hereof. In addition, unexpected upside die demands may be requested by SCILLC within the Firm Order window. Motorola has the option of accepting such orders which will be billed according to Section 4 hereof. SCILLC may request changes to the device mix within the Firm Order window at any time prior to wafer starts, and Motorola shall make reasonable efforts to accommodate the request, provided that total wafer starts in a given technology do not change, and subject to manufacturer material availability (e.g. wafers). If mutually agreeable to both Motorola and SCILLC, the factories may schedule starts above the max or below the min as shown in Schedule A without penalty. Delivery of die or finished goods scheduled above the max shall be on a "best-effort" basis and there shall be no penalty for late or missed deliveries on such "above max" commitments. This mutual agreement shall be documented by email from the planning managers of both SCILLC and Motorola, now envisioned to be Duff Young for Motorola and Didier Ribas for SCILLC, or their functional replacements in the future. The same two individuals will also document requests for early termination of foundry services by email.

5.2 Motorola is required to maintain capacity sufficient to meet the supply of die set forth in SCILLC's Firm Orders, subject to the maximum weekly wafer supply constraints. In the event Firm Orders for any Contract Products over a monthly period fall below the minimum weekly wafer supplies for those Contract Products during that month, SCILLC will be responsible for Motorola's fixed costs (equal to unit costs minus material costs, calculated according to Motorola's cost allocation methodologies as of May 11, 1999) associated with maintaining capacity to produce the relevant minimum weekly wafer supply, taking into account any die actually purchased by SCILLC, provided that Motorola shall take all reasonable steps to limit such fixed costs. In such an event, SCILLC shall have the right to audit such fixed costs. In the event SCILLC notifies Motorola that the Firm Orders are likely to continue to be below the minimum weekly wafer supplies, the parties shall meet and explore potential solutions to the shortfall, which may include, subject to mutual consent, a reduction of the

minimum weekly wafer supplies, efforts to reduce fixed costs or the early termination of the relevant Contract Products line. SCILLC's liability for the cancellation of any Firm Orders will be limited to the actual expenses reasonably incurred by Motorola in anticipation of the Firm Orders, provided that Motorola shall take all reasonable steps to mitigate any such damages. SCILLC will have no liability for failure to meet minimum VHVIC order commitments or for the cancellation of any Firm Orders in the event such failure or cancellation is due to an adverse outcome in the matter of Power Integrations v. Motorola.

5.3 If Motorola does not agree to start the wafers necessary to meet SCILLC's Firm Orders (on a cumulative basis), even though the wafer start volume meets the min-max limits for the Contract Products as set forth in Schedule A, Motorola will pay SCILLC per wafer liquidated damages equal to the gross margin for that Contract Products for the previous fiscal quarter, once those wafer starts are delinquent by more than 30 days, provided that in no case will Motorola be required to pay any such damages until the total amount of liquidated damages payable under this contract exceed $50,000.00. Once these damages are paid the relevant Firm Order under this Agreement and any related assembly Firm Orders under the SCG Assembly Agreement shall be deemed cancelled and no damages or obligations to pay fixed costs shall be payable by either party for failure to order, purchase or deliver the services requiring such die pursuant to the SCG Assembly Agreement.

5.4 In the event Motorola has started the wafers but fails to deliver a number of functional die equal to 80% of the volume set forth in the Firm Orders within 30 days of the date specified in the Firm Orders, the factory manager will initiate best efforts recovery programs (which may include overtime, rush lots, or increased starts) and report the recovery plan to the respective directors of planning and directors of manufacturing at Motorola and SCILLC. At the option of the SCILLC planning organization, the recovery plan can be declined and the orders cancelled without penalty for either party.

5.5 In the event Motorola has started the wafers but fails to deliver a number of functional die equal to 70% of the volume set forth in the Firm Orders within 90 days of the date specified in the Firm Orders, Motorola will be required to pay per die liquidated damages (as described below) for the die shortfall below 85% of the ordered die amount set forth in relevant Firm Order, provided that in no case will Motorola be required to pay any such damages until the total amount of liquidated damages payable under this contract exceed $50,000.00. Per die liquidated damages shall be equal to the gross margin per die for each of the Contract Products (equal to the gross margin for that Contract Products for the previous fiscal quarter). If liquidated damages are paid pursuant to this Section and such die are required for any assembly services pursuant to the SCG Assembly Agreement, no damages or obligations to pay fixed costs shall be payable by

either party for failure to order, purchase or deliver the services requiring such die pursuant to the SCG Assembly Agreement.

5.6 No party will be liable for failure or delay under this Agreement owing to any cause beyond its control, including, but not limited to, acts of God, governmental orders or restriction, war, threat of war, warlike conditions, fire, hostilities, sanctions, revolution, riot, looting or inability to obtain necessary transportation, labor, materials or facilities (together, "Force Majeure"). In the event of Force Majeure, each parties' time for delivery or other performance will be extended for a period equal to the duration of the delay caused thereby. If the Force Majeure continues or is foreseen without question to continue for more than 3 months, the non-affected party may terminate this Agreement immediately upon written notice. Motorola will notify SCILLC at the earliest indication of any interruption in supply of the Contract Products or other facility difficulty that may affect the availability of Contract Products under this Agreement.

5.7 Contract Products shall be shipped at the time set forth in the Firm Orders pursuant to the terms of the Logistics Schedule. Contract Products shall be billed and title shall pass to SCILLC at shipment, and risk of loss shall pass to SCILLC upon receipt at the destination set forth therein. Motorola will be responsible for compliance with any local laws, including export control laws related to the manufacture and delivery of the Contract Products.

5.8 Payment terms are net 30 days from the date of invoice. Payments will be due in U.S. dollars except for products manufactured in Japan, which will be paid in Yen as set forth in Schedule A.

5.9 If actual die yields exceed the Die Yield, Motorola shall use reasonable efforts to adjust its wafer starts and keep such die in its inventory in order to deliver ordered die as set forth in the Firm Orders, provided that Motorola shall have the right to ship up to 110% of the die specified in the Firm Orders resulting from increased Die Yields, and SCILLC shall accept delivery of such excess die, if future Firm Orders are insufficient to account for such excess die.

5.10 The parties agree that as the time for shut-down of the BP-4 factory approaches, both parties will meet to discuss capacity. After reviewing the factory shut down plans and end-of-life product build needs for both parties, if more capacity is available Motorola will make a reasonable effort to make this capacity available to SCG for increased run rates.

5.11 During the period of second quarter 1999 and third quarter 1999 ("Q-3 1999"), the MECL-10K MIN/MAX is included in the total MESA LOGIC min/max. Hence the min/max for NON-MECL-10K in BMC for Q-3 1999 should be 2850 / 3600. The MECL-10K demands shown beyond Q-3 1999 are correct as shown in Schedule A.

5.12 The MOS-20 SmarTMOS 3 min/max includes both SmarTMOS-2.5 and SmarTMOS-3 demands for a TOTAL of the 200 / 500 min/max shown in Schedule A. Currently Schedule A refers only to SmarTMOS-3, but the capacity exists to run a mix of either.

6 OTHER SERVICES

6.1 Motorola shall provide all reasonable support for the wafer manufacturing processes and associated processes used to manufacture the Contract Products consistent with past practice, industry standards and Motorola form contracts.

6.2 Motorola shall keep SCILLC apprised of any major planned process changes or other significant changes relating to the Contract Products (each as defined by Motorola standard operating procedures for process changes), and shall not make any such changes without the consent of SCILLC, which shall not unreasonably be withheld. Implementation of any process changes consented to by SCILLC shall be based on Motorola standard operating procedures for process changes.

6.3 For Contract Products with last start dates after the end of 2000 ("Long Term Products"), Motorola shall cooperate in good faith with any process or other manufacturing changes reasonably requested by SCILLC, and the parties shall negotiate in good faith any price adjustments based on such changes. In the event such negotiations are not successful, SCILLC may terminate this agreement with respect to any of such Long Term Products on 3 months written notice.

7 EQUIPMENT

7.1 SCILLC owned equipment used at any of the factories will be governed pursuant to the terms of the Equipment Lease and Repurchase Agreement.

8 WARRANTY / REJECTION CRITERIA

8.1 SCILLC may refuse wafers that fail to meet the Minimum Yield Criteria as set forth in the appropriate SOW. Motorola shall be responsible for all costs related to the return of any such wafers.

8.2 Motorola warrants that products sold hereunder shall from date of shipment be free and clear of liens and encumbrances, and for 120 days from date of shipment shall be free from defects in workmanship. In the event a workmanship defect is discovered, Motorola agrees at its sole expense to replace or provide a credit equal to the moneys paid for the affected unit(s) of products, provided that the provision of a credit or the replacement of products shall not limit Motorola's obligations to pay liquidated damages under Section 5.4 and 5.5, hereof, for failure to deliver functional die on a timely basis, although such liquidated damages shall be offset by the amount of any credit paid.

8.3 Motorola shall destroy and properly dispose of all Scrap in order to prevent any unauthorized sale of any Contract Product, which cannot be reclaimed. Motorola shall return such Scrap to SCILLC at SCILLC's request and expense.

8.4 THIS WARRANTY EXTENDS TO SCG ONLY AND MAY BE INVOKED ONLY BY SCG FOR ITS CUSTOMERS. MOTOROLA SHALL NOT ACCEPT WARRANTY RETURNS DIRECTLY FROM SCG's CUSTOMERS OR USERS OF SCG's PRODUCTS. MOTOROLA DOES NOT WARRANT PRODUCTS REJECTED AS A RESULT OF RELIABILITY TESTING OR PROCESSING NOT PREVIOUSLY AGREED TO IN WRITING. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES WHETHER EXPRESS, IMPLIED OR STATUTORY INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE. THIS WARRANTY DOES NOT APPLY TO DEFECTS ARISING AS A RESULT OF SCG'S DESIGN, FORMULA, OR APPLICATION.

8.5 In the event repeated field failures occur with respect to a Contract Product, or a significant field failure occurs which requires immediate attention, Motorola and SCILLC will discuss a solution in good faith. This provision does not expand Motorola's warranty obligations or any other liabilities beyond those expressly set forth in this Section or limit Motorola's obligations to pay damages under Section 5, hereof.

8.6 EXCEPT AS EXPLICITLY SET FORTH IN THIS AGREEMENT, IN NO EVENT SHALL MOTOROLA BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER (INCLUDING, WITHOUT LIMITATION, LOST PROFITS) REGARDLESS OF THE LEGAL THEORY ON WHICH ANY SUCH CLAIM MAY BE MADE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9 INTELLECTUAL PROPERTY

9.1 Ownership of intellectual property related to the Contract Products will be governed by the IP Agreement. Other than as set forth therein or as separately agreed to between the parties in the event of any process change, the manufacture of the Contract Products by Motorola does not imply any transfer of Motorola's intellectual property, technical information, or know how.

10 TERM

10.1 Last start dates are as set forth on Schedule A. SCILLC may terminate the agreement with respect to any Contract Products on 6 months written notice.

10.2 In the event Motorola is unwilling to provide foundry support under reasonable terms for Smartmos 3, Motorola shall provide assistance to SCILLC in transitioning the manufacture of such Contract Products to a third party foundry, which services shall be billed at Motorola's costs, including overhead. Motorola shall choose the third party foundry, subject to SCILLC's reasonable consent. Motorola shall be responsible for establishing and managing this foundry relationship. The transfer of intellectual property rights to the foundry shall be governed by the terms of the IP Agreement. If such a third party foundry is established, Motorola shall also have the right to have SCILLC establish a similar third party foundry to manufacture Motorola products using an SCILLC technology that is being manufactured at the date of Closing under similar terms and conditions, provided Motorola requests such foundry services within 6 months of the date the parties begin to establish the Smartmos 3 third party foundry.

10.3 Motorola shall also provide reasonable assistance to SCILLC in transitioning the manufacture of Mosaic 3 and 5 to a separate facility prior to expiration or termination, which services shall be billed at Motorola's costs, including overhead. It is anticipated that after CDMC activities have been moved to Com 1 a process transfer relating to Mosaic 5 will commence with completion expected within 18 months following project initiation. Motorola will then have an option to purchase Mosaic 5 wafers from SCILLC under similar terms as those pursuant to which SCILLC purchases Mosaic 5 wafers from Motorola pursuant to this Agreement.

10.4 With regard to all other Contract Products covered by this Agreement, other than those listed in Sections 10.2 and 10.3 and 85% BiCMOS, Motorola shall provide reasonable assistance to SCILLC in transitioning the manufacture of such Contract Products to a separate facility prior to expiration or termination provided Motorola shall have personnel available, which services shall be billed at Motorola's costs, including overhead.

10.5 Motorola's assistance in transitioning the Contract Products listed in this Section 10 may also include training of the relevant employees which will be provided at Motorola's facilities and billed at Motorola's costs, including overhead.

10.6 In the event SCILLC requires a Factory to remain open beyond the planned closure date listed in Schedule A, the die price will be calculated as follows: (i) if SCILLC becomes the sole user of a Factory after the planned closure dates, then the die price will first be adjusted to cover the full costs of such Factory; and (ii) the die price, whether or not adjusted pursuant to (i) above, will increase by 10% (without compounding of interest) each month thereafter, subject to a cap of 200% of the adjusted die price. In no case will SCILLC be liable for any damages set forth in this Section if Motorola is responsible for the late closure, whether as a result of Motorola's failure to meet any Firm Orders for the relevant Contract

Product at such Factory or at another Factory producing the same Contract Products, or as a result of delays in the relocation of any other facilities in Motorola's control.

11 SITE ACCESS

11.1 Motorola shall allow SCILLC to visit and inspect the facilities upon reasonable notice during normal business hours, provided that SCILLC must first obtain Motorola's consent to any such visit, which consent shall not unreasonably be withheld. Motorola may limit such site inspections to no more than once per calendar year, except in the event of any exceptional circumstances, including Motorola's failure to meet any of its Firm Orders under this Agreement.

12 EXPORT CONTROL LAWS

12.1 The parties acknowledge that each must comply with all applicable rules and laws in the performance of their respective duties and obligations including, but not limited to, those relating to restrictions on export and to approval of agreements. Each party will be responsible for obtaining and maintaining all approvals and licenses, including export licenses, permits and governmental authorizations from the appropriate governmental authorities as may be required to enable such party to fulfill its obligations under this Agreement. Each party agrees to use its best efforts to the other in obtaining any such approvals, export licenses, permits or governmental authorizations.

12.2 Each party agrees that, unless prior written authorization is obtained from the United States Bureau of Export Administration, it will not export, re-export, or transship, directly or indirectly, any products or technical information that would be in contravention of the Export Administration Regulations then in effect as published by the United States Department of Commerce.

13 ENVIRONMENTAL

13.1 Allocation of responsibility for environmental and employee health and safety liabilities pre-dating the Closing shall be covered by the terms of the Recapitalization Agreement.

13.2 Subject to the obligations of the parties set forth in the Recapitalization Agreement with respect to Environmental Liabilities, including Pre-Closing Liabilities, each as defined therein, Motorola agrees to indemnify SCILLC for claims/liabilities relating to Motorola's operations pursuant to this Agreement involving the Release of Hazardous Substances, or non-compliance with Environmental Laws.

13.3 Motorola acknowledges that it is responsible for complying, and agrees that it will comply in all material respects, with applicable Environmental Laws, including those relating to worker health and safety, the Release of Hazardous Substances, and the management, storage, treatment, recycling or disposal of any waste generated as a result of its operations pursuant to this Agreement. Motorola acknowledges that it is the owner and generator of waste generated from its activities pursuant to this Agreement.

14 EMPLOYEES

14.1 Motorola shall indemnify SCILLC for any severance or other termination compensation or benefits payable in respect of any personnel working in and supporting any manufacturing activities in Toulouse covered by this Agreement that may be attributed to SCILLC; provided that such indemnification shall not apply to any individual employed by SCILLC who is a Transferred Employee (as defined in the Employee Matters Agreement) under the Employee Mattes Agreement.

15 ASSIGNMENT

15.1 This Agreement shall be binding upon, inure to the benefit of, and be enforceable by or against the parties hereto and their respective successors and assigns; provided, however, that neither party hereto may assign this Agreement without the prior written consent of the other (which consent shall not unreasonably be withheld) except to a party that acquires all or substantially all of the assets of the assigning party or for the account of the lenders providing bank financing solely and specifically for the purpose of securing such bank financing in connection with the Recapitalization Agreement and the transactions contemplated thereby.

16 CONFIDENTIALITY

16.1 Each party will treat as confidential all Confidential Information of the other party in accordance with the terms of the IP Agreement.

17 NOTIFICATION

17.1 Unless otherwise indicated herein, all notices, requests, demands or other communications to the respective parties hereto shall be deemed to have been given or made when deposited in the mails, registered mail, return receipt requested, postage prepaid, or by facsimile to the respective party at the following address:

If to Motorola for Technical Matters:	Motorola, Inc. 6501 William Cannon Drive West Austin, Texas 78735

Facsimile Number: (512) 895-3809
Attn: Jon Dahm

If to Motorola: Motorola, Inc.
Law Department
1303 E. Algonquin Road
Schaumburg, Illinois 60196
Facsimile Number: (847) 576-3628
Attn: General Counsel

and to Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60601
Facsimile Number:(312) 558-5700
Attn: Oscar A. David, Esq.

If to SCILLC: SCG Holding Corporation
5005 E. McDowell Road
Phoenix, Arizona 85008
Facsimile Number: (602) 244-4830
Attn: Dario Sacomani

With copies to: David Stanton
Texas Pacific Group
345 California Street
Suite 3300
San Francisco, California 94104
Facsimile Number: (415) 743-1501

and

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attention: Paul J. Shim, Esq.
Facsimile Number: (212) 225-3999

18 TRANSLATION

18.1 If this Agreement is translated into a language other than English, the English language version will be the only version binding upon the parties.

19 ENTIRE AGREEMENT

19.1 This Agreement, which includes the SOW, Schedules and other attachments, supersedes all prior discussions and writings and constitutes the entire and only contract between the parties relating to the activities to be performed hereunder for Contract Products, and it may not be changed, altered or amended except in writing and signed by duly authorized representatives of all of the parties.

19.2 If any inconsistencies arise between the terms of this Agreement, Schedule A, the SOW, a purchase order or any other agreement entered into between the parties, the order of precedence in determining the rights and obligations of the parties will be: (i) this Agreement; (ii) Schedule A; then (iii) the SOW. Without limiting the generality of the foregoing, any provisions in any purchase order concerning acceptance, proprietary information, warranties, termination, indemnification (including, without limitation, patent or other intellectual property indemnification), changes, insurance, dispute resolution or materials, tools, and equipment, will not govern or affect the rights or obligations of the parties.

20 WAIVER

20.1 The failure of any party to enforce, at any time, or for any period of time, any provision of this Agreement, to exercise any election or option provided herein, or to require, at any time, performance of any of the provisions hereof, will not be construed to be a waiver of such provision, or in any way affect the validity of this Agreement, or any part thereof, or the right of any party thereafter to enforce each and every such provision.

21 APPLICABLE LAW AND DISPUTE RESOLUTION

21.1 New York law governs this Agreement. The parties agree that the UN Convention for the International Sale of Goods shall not apply. The parties will settle any claim or controversy arising out of this Agreement in the manner set forth in Article IV.3 of the Reorganization Agreement.

22 COMPLIANCE WITH LAWS

22.1 Both parties will comply with all applicable state, federal or local laws, regulations or ordinances in the performance of their respective duties and obligations under this Agreement.

23 INDEPENDENT CONTRACTOR

23.1 It is agreed that Motorola is an independent contractor for the performance of services under this Agreement, and that for accomplishment of the desired result SCILLC is to have no control over the methods and means of accomplishment

thereof, except as specifically set forth in this Agreement. There is no relationship of agency, partnership, joint venture, employment or franchise between the parties. Motorola is the sole employer and principal of any and all persons providing services under this Agreement, and is obligated to perform all requirements of an employer under federal, state, and local laws and ordinances. Motorola, or its employees or agents will not be construed to be employees of SCILLC, nor will Motorola or its employees or agents be entitled to participate in the profit sharing, pension, or other plans established for the benefit of SCILLC's employees.

24 SECTION TITLES

24.1 Section titles as to the subject matter of particular sections herein are for convenience only and are in no way to be construed as part of this Agreement or as a limitation of the scope of the particular sections to which they refer.

25 COUNTERPARTS

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

* * * * *

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date and year first set forth above.

MOTOROLA, INC.

By: /s/ Carl F. Koenemann

Name: Carl F. Koenemann

Title: Executive Vice-President and
Chief Financial Officer

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By: SCG Holding Corporation, its sole member

By: /s/ Theodore W. Schaffner

Name: Theodore W. Schaffner

Title: Vice-President

TERM SHEET
FOUNDRY AND ASSEMBLY AGREEMENT
SCHEDULE A -- PRICES

SPS FOUNDRY PRICES TO SCG

[2 PAGES REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

TERM SHEET
FOUNDRY AND ASSEMBLY AGREEMENT

SCHEDULE A-MIN/MAX

[1 PAGE REDACTED]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

APPENDIX A

STATEMENT OF WORK

[159 PAGES REDACTED]
[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

EXECUTION COPY
EXHIBIT 10.12

EQUIPMENT LEASE AND REPURCHASE AGREEMENT

This Equipment Lease and Repurchase Agreement (this "Agreement") is made this July 31, 1999 (the "Effective Date") between Semiconductor Components Industries, LLC, a Delaware limited liability company ("SCILLC") and Motorola, Inc., a Delaware corporation ("Motorola").

WITNESSETH:

WHEREAS, pursuant to the Reorganization Agreement and the Recapitalization Agreement, as defined herein, the business and operations of the Semiconductor Components Group are being reorganized as a "stand alone" business;

WHEREAS, in connection therewith, Motorola and SCILLC desire that there shall be a lease of certain SCILLC owned equipment to Motorola;

NOW, THEREFORE, in consideration of the premises and covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Motorola and SCILLC agree as follows:

1 Definitions:

1.1 Closing Date means July 31, 1999.

1.2 EQUIPMENT PASS DOWN AGREEMENT shall mean the Equipment Pass Down Agreement, dated as of the date hereof, between Motorola and SCILLC.

1.3 RECAPITALIZATION AGREEMENT means the Agreement and Plan of Recapitalization and Merger, as amended pursuant to Amendment No. 1 to the Recapitalization Agreement dated July 28, 1999, by and among Motorola, Inc., SCG Holding Corporation, Semiconductor Components Industries, LLC, TPG Semiconductor Holdings LLC and TPG Semiconductor Acquisition Corp made as of May 11, 1999.

1.4 REORGANIZATION AGREEMENT means the Reorganization Agreement by and among Motorola, Inc., SCG Holding Corporation and Semiconductor Components Industries, LLC dated as of May 11, 1999.

1.5 SCG ASSEMBLY AGREEMENT means the SCG Assembly Agreement, dated as of the date hereof, between Motorola and SCILLC.

1.6 SCG FOUNDRY AGREEMENT means the SCG Foundry Agreement, dated as of the date hereof, between Motorola and SCILLC

2 TYPES OF EQUIPMENT

2.1 The equipment on Schedule A listed as Category A is equipment owned by SCILLC that will be operated by Motorola and will be exclusively used to provide the foundry and assembly services pursuant to the SCG Foundry Agreement and the SCG Assembly Agreement. Prior to the respective Termination Date listed on Schedule A, Motorola shall lease such equipment from SCILLC at a rate equal to such equipment's depreciation schedule, and at the end of such term, such equipment will be shipped to SCILLC. Responsibilities for the decommissioning, packing and shipping of such equipment shall be allocated in the same manner as in the Equipment Pass Down Agreement.

2.2 The equipment on Schedule A listed as Category B is equipment owned by SCILLC that will be operated by Motorola and will be used both to provide the foundry and assembly services pursuant to the SCG Foundry Agreement and the SCG Assembly Agreement and to provide manufacturing and assembly services in connection with Motorola products. Prior to the respective Termination Date listed on Schedule A, Motorola shall lease such equipment from SCILLC at a rate equal to such equipment's depreciation schedule, and at the end of such term, such equipment will be shipped to SCILLC. Responsibilities for the decommissioning, packing and shipping of such equipment shall be allocated in the same manner as in the Equipment Pass Down Agreement.

2.3 The equipment on Schedule A listed as Category C is equipment owned by SCILLC that will be operated by Motorola exclusively in connection with Motorola activities. For this equipment, Schedule A also lists a planned termination date for such equipment. Prior to the respective Termination Date listed on Schedule A, Motorola shall lease such equipment from SCILLC at a rate equal to such equipment's depreciation schedule, and at the end of such term, such equipment will be shipped to SCILLC. Responsibilities for the decommissioning, packing and shipping of such equipment shall be allocated in the same manner as in the Equipment Pass Down Agreement.

2.4 The equipment on Schedule A listed as Category D is equipment owned by SCILLC that will be operated by Motorola exclusively in connection with Motorola activities. Prior to the respective Termination Date listed on Schedule A, Motorola shall lease such equipment from SCILLC at a rate equal to such equipment's depreciation schedule, and at the end of such term, Motorola shall repurchase such equipment at its then current net book value and such equipment will be shipped to Motorola. Motorola will be responsible for all costs related to the decommissioning, packing and shipping of the Phoenix RF1 equipment.

2.5 The equipment on Schedule A listed as Category E is equipment owned by SCILLC that will be operated by SCILLC exclusively in connection with Motorola activities. Motorola shall not lease this equipment from SCILLC. At the end of the term listed for this equipment, Motorola shall repurchase such equipment at its then current net book value and such equipment will be shipped

to Motorola. SCILLC shall be responsible for all costs related to decommissioning such equipment, and Motorola will be responsible for all costs related to packing and shipping such equipment.

3 ASSIGNMENT

3.1 This Agreement shall be binding upon, inure to the benefit of, and be enforceable by or against the parties hereto and their respective successors and assigns; provided, however, that neither party hereto may assign this Agreement without the prior written consent of the other (which consent shall not unreasonably be withheld) except to a party that acquires all or substantially all of the assets of the assigning party or for the account of the lenders providing bank financing solely and specifically for the purpose of securing such bank financing in connection with the Recapitalization Agreement and the transactions contemplated thereby.

4 NOTIFICATION

4.1 Unless otherwise indicated herein, all notices, requests, demands or other communications to the respective parties hereto shall be deemed to have been given or made when deposited in the mails, registered mail, return receipt requested, postage prepaid, or by facsimile to the respective party at the following address:

If to Motorola for Technical Matters:	Motorola, Inc. 6501 William Cannon Drive West Austin, Texas 78735 Facsimile Number: (512) 895-3809 Attn: Jon Dahm
If to Motorola:	Motorola, Inc. Law Department 1303 E. Algonquin Road Schaumburg, Illinois 60196 Facsimile Number: (847) 576-3628 Attn: General Counsel
and to	Winston & Strawn 35 West Wacker Drive Chicago, Illinois 60601 Facsimile Number:(312) 558-5700 Attn: Oscar A. David, Esq.
If to SCILLC:	SCG Holding Corporation

5005 E. McDowell Road
Phoenix, Arizona 85008
Facsimile Number: (602) 244-4830
Attn: Dario Sacomani

With copies to: David Stanton
Texas Pacific Group
345 California Street
Suite 3300
San Francisco, California 94104
Facsimile Number: (415) 743-1501

and

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attention: Paul J. Shim, Esq.
Facsimile Number: (212) 225-3999

5 TRANSLATION

5.1 If this Agreement is translated into a language other than English, the English language version will be the only version binding upon the parties.

6 ENTIRE AGREEMENT

6.1 This Agreement, the SCG Foundry Agreement, the SCG Assembly Agreement, the Equipment Pass Down Agreement, the Reorganization Agreement and the Recapitalization Agreement contain the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, whether written or oral, relating to such subject matter.

7 MODIFICATION, NONWAIVER, SEVERABILITY

7.1 No alleged waiver, modification or amendment to this Agreement or to Schedule A attached hereto shall be effective against either party hereto, unless in writing, signed by the party against which such waiver, modification or amendment is asserted, and referring specifically to the provision hereof alleged to be waived, modified or amended. The failure or delay of either party to insist upon the other party's strict performance of the provisions in this Agreement or to exercise in any respect any right, power, privilege, or remedy provided for under this Agreement shall not operate as a waiver or relinquishment thereof, nor shall any single or partial exercise of any right, power, privilege, or remedy preclude other or further exercise thereof, or the exercise of any other right, power, privilege, or

remedy; provided, however, that the obligations and duties of either party with respect to the performance of any term or condition in this Agreement shall continue in full force and effect.

8 APPLICABLE LAW AND DISPUTE RESOLUTION

8.1 New York law governs this Agreement. The parties will settle any claim or controversy arising out of this Agreement in the manner set forth in Article IV.3 of the Reorganization Agreement.

9 COMPLIANCE WITH LAWS

9.1 Both parties will comply with all applicable state, federal or local laws, regulations or ordinances in the performance of their respective duties and obligations under this Agreement.

10 EXPORT CONTROL AND GOVERNMENTAL APPROVAL

10.1 The parties acknowledge that each must comply with all applicable rules and laws in the performance of their respective duties and obligations including, but not limited to, those relating to restrictions on export and to approval of agreements. Each party will be responsible for obtaining and maintaining all approvals and licenses, including export licenses, permits and governmental authorizations from the appropriate governmental authorities as may be required to enable such party to fulfill its obligations under this Agreement. Each party agrees to use its best efforts to the other in obtaining any such approvals, export licenses, permits or governmental authorizations.

10.2 Each party agrees that, unless prior written authorization is obtained from the United States Bureau of Export Administration, it will not export, re-export, or transship, directly or indirectly, any products or technical information that would be in contravention of the Export Administration Regulations then in effect as published by the United States Department of Commerce.

11 SECTION TITLES

11.1 Section titles as to the subject matter of particular sections herein are for convenience only and are in no way to be construed as part of this Agreement or as a limitation of the scope of the particular sections to which they refer.

12 INTERPRETATION

12.1 The headings and captions contained in this Agreement and in the Schedule attached hereto are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The use of the word "including" herein shall mean "including without limitation." Capitalized terms not defined herein shall have the terms set forth in the Recapitalization Agreement.

13 NO STRICT CONSTRUCTION

13.1 The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any person.

14 COUNTERPARTS

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

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date and year first set forth above.

MOTOROLA, INC.

By: /s/ Carl F. Koenemann

Name: Carl F. Koenemann

Title: Executive Vice-President and Chief Financial Officer

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By: SCG Holding Corporation, its sole member

By: /s/ Theodore W. Schaffner

Name: Theodore W. Schaffner

Title: Vice-President

SCHEDULE A

FACTORY	CATEGORY	TERMINATION DATE
MKL	A	07/31/99
OJ	A	03/31/01
BP6	A	09/30/01
TLSBE	A	01/31/00
MOS3	B	08/31/99
TJN	B	01/31/00
MOS1	B	02/01/00
KLM	B	08/31/00
BP4*	B	03/31/01
BMC*	B	
MEMS1	C	01/31/00
RF1	D	09/30/01
SBN1	E	09/30/01

- ------------------

* Includes Probe

EXECUTION COPY
EXHIBIT 10.13*

EQUIPMENT PASSDOWN AGREEMENT

This Equipment Passdown Agreement (this "Agreement") is made this July 31, 1999 (the "Effective Date") between Semiconductor Components Industries, LLC, a Delaware limited liability company ("SCILLC") and Motorola, Inc., a Delaware corporation ("Motorola").

WITNESSETH:

WHEREAS, pursuant to the Reorganization Agreement and the Recapitalization Agreement, as defined herein, the business and operations of the Semiconductor Components Group are being reorganized as a "stand alone" business;

WHEREAS, in connection therewith, Motorola and SCILLC desire that Motorola sell, and SCILLC purchase, certain equipment no longer used in active service as set forth herein;

NOW, THEREFORE, in consideration of the premises and covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Motorola and SCILLC agree as follows:

1 DEFINITIONS:

1.1 CLOSING DATE means July 31, 1999.

1.2 EQUIPMENT shall include all semiconductor fab, assembly, packaging and testing equipment owned by Motorola and used in the business of SPS usable in SCG's business that Motorola is proposing to remove from active service or put up for sale, provided that such definition does not include equipment Motorola is selling or otherwise transferring to a majority controlled affiliate or is selling or transferring to a third-party in a transaction that will generate sales for Motorola.

1.3 GAP shall have the meaning ascribed to such term in Section 2.6, hereof.

1.4 MOTOROLA LIST shall have the meaning ascribed to such term in subsection 2.1.1, hereof.

1.5 RECAPITALIZATION AGREEMENT means the Agreement and Plan of Recapitalization and Merger, as amended pursuant to Amendment No. 1 to the Recapitalization Agreement dated July 28, 1999, by and among Motorola, Inc., SCG Holding Corporation, Semiconductor Components Industries, LLC, TPG Semiconductor Holdings LLC and TPG Semiconductor Acquisition Corp made as of May 11, 1999

1.6 REORGANIZATION AGREEMENT means the Reorganization Agreement by and among Motorola, Inc., SCG Holding Corporation and Semiconductor Components Industries, LLC dated as of May 11, 1999.

1.7 SCG LIST shall have the meaning ascribed to such term in subsection 2.1.2, hereof.

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* Confidential information in this Exhibit 10.13 has been ommitted and filed separately with the Securities and Exchange Commission.

1.8 SPS means the Semiconductor Product Sector of Motorola.

2 RIGHT OF PURCHASE

2.1 SCILLC will have the right throughout the term of this Agreement to purchase any Equipment pursuant to the following conditions:

2.1.1 Motorola shall provide to SCILLC, on a monthly basis, a list setting forth any Equipment Motorola is planning to remove from active services (the "Motorola List"). Motorola shall provide such Motorola Lists on an exclusive basis to SCILLC fifteen (15) days prior to any disclosure of such lists to any brokers or other third-parties. In addition, representatives of SCILLC and Motorola shall also meet at least once a year to discuss Motorola's plans with regard to the disposition of any Equipment and SCILLC's Equipment needs. In the event the parties mutually agree, SCILLC shall have the same right of first refusal with regard to any Equipment identified pursuant to such negotiations as it does with regard to Equipment provided on a Motorola List.

2.1.2 Within fifteen (15) days of SCILLC's receipt of the Motorola List, SCILLC shall provide Motorola with an initial list (the "SCG List") of any Equipment it wishes to purchase, including an offered price. The offered price is contingent upon SCILLC's satisfactory inspection of the Equipment pursuant to subsection 2.1.3.

2.1.3 SCILLC shall have fifteen (15) days from the time it is provided the Motorola List to inspect the Equipment on the SCG List. Motorola shall provide SCILLC access during reasonable business hours to inspect such Equipment. Such inspection shall include, if possible, an opportunity to observe the Equipment in use prior to its decommissioning.

2.1.4 During the 15 day period described in subsection 2.1.3, SCG and Motorola may also further negotiate the price for any of the Equipment. Before the end of this 15 day period, SCG shall provide a final offer with regard to the Equipment (the "Final Offer").

2.1.5 In the event Motorola does not accept SCILLC's Final Offer with regard to any individual piece of Equipment within ten (10) days of receipt of the Final Offer, such Final Offer shall be considered withdrawn and Motorola shall have the right to offer such Equipment for sale to any other parties or donate such Equipment to an educational institution; **********

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* Confidential Information omitted and filed separately with the Securities and Exchange Commission.

********** months after Motorola rejects SCILLC's Final Offer without first offering such Equipment to SCG for sale at a price equal to SCG's Final Offer. Upon request, Motorola will provide reasonable documentation to evidence such sale or donation.

2.2 To the extent Motorola has decided to terminate any operating lease for Equipment, Motorola shall notify SCILLC, and SCILLC shall have fifteen (15) days in which to notify Motorola of its desire to assume the lease. If SCILLC notifies Motorola of its desire to assume the lease, Motorola shall reasonably cooperate with SCILLC for a period not to exceed 30 days, to negotiate mutually satisfactory terms for SCILLC's assumption of the lease. If the parties cannot reach agreement within such 30-day period, Motorola shall have no further obligation to SCILLC under this subsection 2.2. Motorola shall assist SCILLC in obtaining any necessary third party consents to such an assignment, provided that any fees or costs relating to such assistance shall not exceed the costs Motorola would have incurred for the termination of such lease, and provided that if such costs to Motorola exceed the costs Motorola would have incurred to terminate the lease, then such additional costs shall be paid by SCILLC.

2.3 SCILLC's right to purchase or lease Equipment shall not apply to a sale by Motorola of a complete facility or product line as an operating entity.

2.4 In addition to any Equipment sold pursuant to this Agreement, Motorola shall also use reasonable efforts to provide any related operation and maintenance manuals and schematics and, in the event such Equipment is the last piece of such Equipment owned by Motorola, any related spare parts and consumables related solely to such Equipment.

2.5 If SCILLC elects to sell any Equipment previously purchased from Motorola pursuant to this Agreement within a one (1) year of the purchase date, then SCILLC shall pay Motorola the difference between the net proceeds from such sale (if such sale price is higher than the price paid by SCILLC) and the price paid to Motorola.

2.6 As of July 30, 1999, the parties acknowledge there is a currently estimated shortfall of $12.8 million net book value of equipment to be transferred to SCILLC (the "GAP"). Motorola agrees to cooperate with SCILLC to identify Equipment, acceptable to SCILLC, that would otherwise be covered by this Section 2 and transfer such Equipment to SCILLC at no cost. Upon such transfer, the Gap will be reduced by the net book value of such equipment, or if such transferred equipment is listed on Schedule A, by the amount listed alongside such product under the category titled "Cost to Procure Now." If, two (2) years from the Closing Date, the Gap is greater than zero, then Motorola will pay SCILLC cash equal to two times the remaining balance of the Gap.

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* Confidential Information omitted and filed separately with the Securities and Exchange Commission.

3 EQUIPMENT

3.1 The sale of any Equipment, or assignment of a lease hereunder, does not imply any transfer of Motorola's intellectual property, technical information or know-how.

4 DELIVERY AND PAYMENT

4.1 The Equipment will be sold FOB the loading dock at the location where the Equipment was last used. Motorola shall be responsible for all expenses associated with the removal of the Equipment from active use (including disconnect, purge, shrinkwrapping and other activities normally conducted by Motorola prior to packing, crating, stabilization and caging). SCILLC shall be responsible for all packing, crating, stabilization, caging and shipping costs and compliance with any local laws, including export control laws. Shipment must be completed within fifteen (15) days of the completion of all packing, crating, stabilization and caging, or Motorola may assess reasonable storage charges.

4.2 Payment shall be due to Motorola 30 days after the date of invoice.

5 INSPECTION/WARRANTIES

5.1 If Motorola does not afford SCILLC adequate opportunity to observe the de-installation of the Equipment, Motorola shall warrant that the Equipment has been de-installed and, if relevant, stored, in a manner that is consistent with Motorola's usual and customary practices and, has been turned over to the SCILLC designated carrier in the same condition (other than normal changes related to the de-installation process) as it was immediately prior to de-installation. Motorola shall provide SCILLC with any related documentation to that effect generated in the ordinary course of business. OTHER THAN THE LIMITED WARRANTY SET FORTH HEREIN, THE EQUIPMENT SHALL BE SOLD "AS-IS."

6 TERM

6.1 This Agreement shall remain in effect through the end of December 31, 2003, and shall be renewable on an annual basis by mutual consent thereafter.

7 OTHER SUPPORT

7.1 Motorola shall consider reasonable requests by SCILLC for installation support in connection with the equipment purchased hereunder. In such an event, Motorola and SCILLC shall seek to reach agreement as to the scope, terms and costs of any such installation support, provided that Motorola shall have no liability for such support unless specifically agreed to by the parties at such time.

7.2 Motorola shall reasonably assist SCILLC in obtaining the benefit of any existing third-party parts supply, support or other contracts relating to the Equipment, provided that SCILLC shall be responsible for all expenses related thereto.

8 ASSIGNMENT

8.1 This Agreement shall be binding upon, inure to the benefit of, and be enforceable by or against the parties hereto and their respective successors and assigns; provided, however, that neither party hereto may assign this Agreement without the prior written consent of the other (which consent shall not unreasonably be withheld) except to a party that acquires all or substantially all of the assets of the assigning party (provided, further that for the purposes of this assignment by SCILLC, or any assignment by operation of law, TPG Partners II or any affiliated funds must directly or indirectly remain the single largest shareholder of such an acquirer of the surviving entity) or for the account of the lenders providing bank financing solely and specifically for the purpose of securing such bank financing in connection with the Recapitalization Agreement and the transactions contemplated thereby. In the event Motorola sells substantially all of the assets of SPS, such acquirer shall remain bound by the terms of this Agreement.

9 NOTIFICATION

9.1 Unless otherwise indicated herein, all notices, requests, demands or other communications to the respective parties hereto shall be deemed to have been given or made when deposited in the mails, registered mail, return receipt requested, postage prepaid, or by facsimile to the respective party at the following address:

If to Motorola for Technical Matters:	Motorola, Inc. 6501 William Cannon Drive West Austin, Texas 78735 Facsimile Number: (512) 895-3809 Attn: Jon Dahm
If to Motorola:	Motorola, Inc. Law Department 1303 E. Algonquin Road Schaumburg, Illinois 60196 Facsimile Number: (847) 576-3628 Attn: General Counsel
and to	Winston & Strawn 35 West Wacker Drive

Chicago, Illinois 60601
Facsimile Number:(312) 558-5700
Attn: Oscar A. David, Esq.

If to SCILLC: SCG Holding Corporation
5005 E. McDowell Road
Phoenix, Arizona 85008
Facsimile Number: (602) 244-4830
Attn: Dario Sacomani

With copies to: David Stanton
Texas Pacific Group
345 California Street
Suite 3300
San Francisco, California 94104
Facsimile Number: (415) 743-1501

and

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attention: Paul J. Shim, Esq.
Facsimile Number: (212) 225-3999

10 TRANSLATION

10.1 If this Agreement is translated into a language other than English, the English language version will be the only version binding upon the parties.

11 ENTIRE AGREEMENT

11.1 This Agreement, the Reorganization Agreement and the Recapitalization Agreement contain the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, whether written or oral, relating to such subject matter.

12 MODIFICATION, NONWAIVER, SEVERABILITY

12.1 No alleged waiver, modification or amendment to this Agreement or to Schedule A attached hereto shall be effective against either party hereto, unless in writing, signed by the party against which such waiver, modification or amendment is asserted, and referring specifically to the provision hereof alleged to be waived, modified or amended. The failure or delay of either party to insist upon the other party's strict performance of the provisions in this Agreement or to exercise in any respect any right, power, privilege, or remedy provided for under this Agreement shall not operate as a waiver or relinquishment thereof, nor shall any

single or partial exercise of any right, power, privilege, or remedy preclude other or further exercise thereof, or the exercise of any other right, power, privilege, or remedy; provided, however, that the obligations and duties of either party with respect to the performance of any term or condition in this Agreement shall continue in full force and effect.

13 APPLICABLE LAW AND DISPUTE RESOLUTION

13.1 New York law governs this Agreement. The parties will settle any claim or controversy arising out of this Agreement in the manner set forth in Article IV.3 the Reorganization Agreement.

14 COMPLIANCE WITH LAWS

14.1 Both parties will comply with all applicable state, federal or local laws, regulations or ordinances in the performance of their respective duties and obligations under this Agreement.

15 EXPORT CONTROL AND GOVERNMENTAL APPROVAL

15.1 The parties acknowledge that each must comply with all applicable rules and laws in the performance of their respective duties and obligations including, but not limited to, those relating to restrictions on export and to approval of agreements. Each party will be responsible for obtaining and maintaining all approvals and licenses, including export licenses, permits and governmental authorizations from the appropriate governmental authorities as may be required to enable such party to fulfill its obligations under this Agreement. Each party agrees to use its best efforts to the other in obtaining any such approvals, export licenses, permits or governmental authorizations.

15.2 Each party agrees that, unless prior written authorization is obtained from the United States Bureau of Export Administration, it will not export, re-export, or transship, directly or indirectly, any products or technical information that would be in contravention of the Export Administration Regulations then in effect as published by the United States Department of Commerce.

16 SECTION TITLES

16.1 Section titles as to the subject matter of particular sections herein are for convenience only and are in no way to be construed as part of this Agreement or as a limitation of the scope of the particular sections to which they refer.

17 INTERPRETATION

17.1 The headings and captions contained in this Agreement and in the Schedule attached hereto are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The use of the word "including"

herein shall mean "including without limitation." Capitalized terms not defined herein shall have the terms set forth in the Recapitalization Agreement.

18 NO STRICT CONSTRUCTION

18.1 The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any person.

19 COUNTERPARTS

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

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date and year first set forth above.

MOTOROLA, INC.

By: /s/ Carl F. Koenemann

Name: Carl F. Koenemann

Title: Executive Vice-President and
Chief Financial Officer

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By: SCG Holding Corporation, its sole
member

By: /s/ Theodore W. Schaffner

Name: Theodore W. Schaffner

Title: Vice-President

CAPX GAP 1999-2000 UPDATED: 4/20/99

SCHEDULE A

SCG PROJECT REQUIREMENT	ASSET DESCRIPTION	COST TO PROCURE TOOL NOW
Aizu MOS7X - 2000 wpw Ph I	FVI (microscope)	$10,000
Aizu MOS7X - 2000 wpw Ph I	FVI (microscope)	$10,000
Required for Tesla (Std. Lin.) 11 K wpw	Microscope	$10,000
Required for Tesla (Std. Un.) 11 K wpw	Nanometrics	$10,000
Required for Piestany (M. Gate) 4K wpw	MEGASONIC CLEANING SYSTEM	$30,000
Required for Tesla (Std. Lin.) 11 K wpw	REFURBD VERTEQ MEGASONIC CL	$30,000
Required for Tesla (Std. Lin.) 11 K wpw	VERTEQ MEGASONIC CLEAN SYST	$30,000
Required for Tesla (Std. Lin.) 11 K wpw	VERTEQMEGASONIC CLEANING SY	$30,000
Aizu MOS7X - 2000 wpw Ph I	Prober for inking	$40,000
Aizu MOS7X - 2000 wpw Ph I	Prober for inking	$40,000
Aizu MOS7X - 2000 wpw Ph I	Parametric prober	$40,000
Aizu MOS7X - 2000 wpw Ph I	Prober for FET Tester	$40,000
Aizu MOS7X - 2000 wpw Ph I	Prober for FET Tester	$40,000
Required for Piestany (M. Gate) 4K wpw	2001 X/2 AUTO PROBER	$40,000
Required for Piestany (M. Gate) 4K wpw	2001X/20 AUTOPROBER	$40,000
Required for Piestany (M. Gate) 4K wpw	THERMAL PROCESS SYSTEM (RTA)	$40,000
Required for Piestany (M. Gate) 4K wpw	Motorola T.5 Tester	$60,000
Required for Piestany (M. Gate) 4K wpw	Motorola T.5 Tester	$60,000
Required for Piestany (M. Gate) 4K wpw	Motorola T.5 Tester	$60,000
Required for Piestany (M. Gate) 4K wpw	Motorola T.5 Tester	$60,000
Required for Plestany (M. Gate) 4K wpw	Fuming Nitric Metal Redo Bench (Bath)	$70,000
Required for Tesla (Std. Lin.) 11 K wpw	MOD SPW-612A SPIN ETCHER-SIN	$75,000
Required for Tesla (Std. Un.) 11 K wpw	MOD SPW-612A SPIN ETCHER-SIN	$75,000
Required for Tesla (Std. Lin.) 11 K wpw	MOD SPW-612A SPIN ETCHER-SIN	$75,000
Aizu MOS7X - 2000 wpw Ph I	Post Clean	$100,000
Aizu MOS7X - 2000 wpw Ph I	Resist Removal	$100,000
Required for CDMC 1500 wpw	Fusion DUV	$100,000
Required for Piestany (M. Gate) 4K wpw	Nanostrip Bench (bath)	$100,000
Required for Piestany (M. Gate) 4K wpw	Nanostrip Bench (bath)	$100,000
Required for Piestany (M. Gate) 4K wpw	Questor & CD Measurement Systems	$100,000
Required for Piestany (M. Gate) 4K wpw	Quaster Plus Measurement System	$100,000
Required for Piestany (M. Gate) 4K wpw	PreMetal Clean Bench (Bath)	$140,000
Aizu MOS7X - 2000 wpw Ph I	FET Tester for IGBT	$150,000
Aizu MOS7X - 2000 wpw Ph I	FET Tester for IGBT	$150,000
Required for Piestany (M. Gate) 4K wpw	Negative Coater Track	$175,000
Required for Piestany (M. Gate) 4K wpw	Negative Coater Track	$175,000
Required for Piestany (M. Gate) 4K wpw	Negative Coater Track	$175,000
Required for Piestany (M. Gate) 4K wpw	Negative Coater Track	$175,000
Required for Piestany (M. Gate) 4K wpw	Negative Developer Track	$175,000
Required for Piestany (M. Gate) 4K wpw	Negative Developer Track	$175,000
Aizu MOS7X - 2000 wpw Ph I	H3PO4 Hood Wet Nitride Etch	$190,000
Required for Piestany (M. Gate) 4K wpw	HF Wet Bench (bath)	$190,000
Required for Piestany (M. Gate) 4K wpw	HF Wet Bench (bath)	$190,000

CAPX GAP 1999-2000 UPDATED: 4/20/99

SCG PROJECT REQUIREMENT	ASSET DESCRIPTION	COST TO PROCURE TOOL NOW
Required for Guad (Rectifier) 6.1 K wpw	SVG 8800 PR Coat/Develop Track	$200,000
Required for Guad (Rectifier) 6.1 K wpw	SVG 8800 PR Coat/Develop Track	$200,000
Required for Guad (Rectifier) 6.1 K wpw	SVG 8800 PR Coat/Develop Track	$200,000
Required forPiestany (M. Gate) 4K wpw	DAINIPPON SCREEN SCW636CV	$200,000
Required for Tesla (Std. Lin.) 11 K wpw	REGEN SVG8632 CTD SYSTEM/862	$200,000
Required for Tesla (Std. Lin.) 11 K wpw	Plasma Etcher	$225,000
Required for Piestany (M. Gate) 4K wpw	HP 4062UX TEST SYSTEM	$300,000
Required for CDMC 1500 wpw	AMT 5000 ox/nit etcher (2 chamber)	$350,000
Aizu MOS7X - 2000 wpw Ph I	Auto BHF Wet Glass Etch	$440,000
Aizu MOS7X - 2000 wpw Ph I	Auto BHF Wet Glass Etch	$440,000
Aizu MOS7X - 2000 wpw Ph I	Auto SPM PIRANHA CLEAN	$440,000
Aizu MOS7X - 2000 wpw Ph I	Semitool SAT DI Water Rinse	$440,000
Aizu MOS7X - 2000 wpw Ph I	Semitool SAT Oxide Removal	$440,000
Aizu MOS7X - 2000 wpw Ph I	Semitool SAT PSG Removal	$440,000
Aizu MOS7X - 2000 wpw Ph I	Semitool SAT Veil Remove Ox Etch	$440,000
Aizu MOS7X - 2000 wpw Ph I	P5000 Poly Etcher	$450,000
Required for Guad (Rectifier) 6.1K wpw	CHA M50 Aluminum Evaporator	$450,000
Required for CDMC 1500 wpw	Spec hood (9 tanks)	$500,000
Required for Guad (Rectifier) 6.1K wpw	DISCO GRINDER	$650,000
Required for Tesla (Std. Lin.) 11 K wpw	DISCO #650 GRINDER-DFG-73H/	$650,000
Aizu MOS7X - 2000 wpw Ph I	SVG VTR Furnace: Vertical(Low Temp Anneal	$750,000
Aizu MOS7X - 2000 wpw Ph I	SVG VTR LP-Nitride	$800,000
Aizu MOS7X - 2000 wpw Ph I	SVG VTR LP-Nitride	$800,000
Aizu MOS7X - 2000 wpw Ph I	SVG VTR LP-Poly	$800,000
Required for Guad (Rectifier) 6.1K wpw	Balzers LLS801 Sputtering Tool	$900,000
Required for Guad (Rectifier) 6.1K wpw	Balzers LLS801 Sputtering Tool	$900,000
Required for CDMC 1500 wpw	I-Line Stepper	$1,000,000
Required for CDMC 1500 wpw	I-Line Stepper	$1,000,000
TOTAL		$18,380,000
TOTALS		$18,380,000

CAPX GAP 1999-2000 UPDATED: 4/20/99

SCG PROJECT REQUIREMENT	ASSET DESCRIPTION	COST TO PROCURE TOOL NOW
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Nikon G4-G7 with EFA q-Une	$300,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober forIinking	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober for Inking	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober for Inking	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Parametric prober	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober for FET Tester	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober for FET Tester	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober for FET Tester	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober for FET Tester	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober for FET Tester	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober for FET Tester	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober for MST Tester	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober for MST Tester	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober for TMT Tester	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Prober for TMT Tester	$40,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Asher (Barrel)	$50,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Asher (Barrel)	$50,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Asher (Barrel)	S50,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Asher (Barrel)	$50,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Asher (Barrel)	$50,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Asher (Barrel)	$50,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Asher (Barrel)	$50,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Asher (Barrel)	$50,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Asher (Barrel)	$50,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Asher (Barrel)	$50,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Fusion 200 / 150 Resist Cure	$100,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Parametric Tester	$105,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	FET Tester for IGBT	$150,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	FET Tester for IGBT	$150,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Laser Trim, For ACMOS	$150,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	TEGAL901	$175,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	TEGAL901	$175,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	TEGAL901	$175,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	H3PO4 Bath Hood/SEZ 101 Wet Nitride Etch	$190,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Coat Standalone Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Coat Standalone Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/6800 Coat Standalone Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Coat Standalone Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Coat Standalone Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Coat Standalone Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Deve Standalone TraCK	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Deve Standalone Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Deve Standalone, Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Deve Standalone Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Deve Standalone Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Deve Standalone Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Deve Standalone Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG 8600/8800 Deve Standalone Track	$200,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	TEGAL903	$225,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	TEGAL903	$225,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	TEGAL903	$225,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	TEGAL903	$225,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	DNS SPW-612A Wet Metal Etch	$300,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	FSI Mercury Pre-CVD/Metal Clean	$400,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	FSI Mercury Pre-Diffusion Clean	$400,000

CAPX GAP 1999-2000 UPDATED: 4/20/99

SCG PROJECT REQUIREMENT	ASSET DESCRIPTION	COST TO PROCURE TOOL NOW
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	FSI Mercury Pre-Diffusion Clean	$400,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	FSI Mercury Pre-Diffusion Clean	$400,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Auto BHF BATH /Semitool SAT Wet Oxide Etch	$440,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Auto BHF BATH /Semitool SAT Wet Oxide Etch	$440,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Auto BHF BATH /Semitool SAT Wet Oxide Etch	$440,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Auto SPM Bath /Semi~tool SAT PIRANHA CLEAN	$440,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Semitool SAT Oxide Removal	$440,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Semitool SAT Oxide Removal	$440,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Semitool SAT PSG Removal	$440,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Semftool SAT Veil Remove Ox Etch	$440,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	CHA Mark 50 Back Metal Evap	$450,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	CHA Mark 50 Back Metal Evap	$450,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	MRL Cyclone/ Semy Controllers Fumace	$450,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	MRL Cyclone/ Semy Controllers Fumace	$450,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	MST Tester for VHVIC	$450,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	MST Tester for VHVIC	$450,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	P5000 Poly Etcher	$450,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Backgrinder	$650,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG VTR Furnace	$750,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG VTR Furnace :Vertical (Low Temp Anneal)	$750,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Varian 3290 Thick Al-SI-Cu Sputter	$750,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG VTR LP-Nitride	$800,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG VTR LP-Nitride	$800,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG VTR LP-Poly	$800,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	SVG VTR LP-Poly	$800,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Nikon I-line 1-Line Coritical	$1,000,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Applied Endura Barrier Metal/Thin Al-SI-Cu	$1,250,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Eaton G SD High Current Implanter	$2,500,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Eaton GSD High Current Implanter	$2,500,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Eaton GSD High Current Implanter	$2,500,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Eaton GSD Med Current Implanter	$2,500,000
Aizu MOS7X (IGBT2Trench,VHVIC,ACMOS) 3000-5000 wpw Ph II	Eaton GSD Med Current Implanter	$2,500,000
	TOTAL	$35,850,000
	NBV EQUIVALENT	$17,925,000

EXHIBIT 10.14

SCG HOLDING CORPORATION
1999 FOUNDERS STOCK OPTION PLAN

(ADOPTED SEPTEMBER 9, 1999; AMENDED AND RESTATED OCTOBER 19, 1999)

1. PURPOSE OF THE PLAN

The purpose of the SCG Holding Corporation 1999 Founders Stock Option Plan (the "PLAN") is to promote the interests of the Company and its stockholders by providing the key employees, directors and consultants of the Company and its Affiliates with an appropriate incentive to encourage them to continue in the employ of the Company or Affiliate and to improve the growth and profitability of the Company.

2. DEFINITIONS

As used in this Plan, the following capitalized terms shall have the following meanings:

(a) "AFFILIATE" shall mean the Company and any of its direct or indirect subsidiaries.

(b) "BOARD" shall mean the Board of Directors of the Company or any committee appointed by the Board to administer the Plan pursuant to Section 3.

(c) "CAUSE" shall mean, when used in connection with the termination of a Participant's Employment, unless otherwise provided in the Participant's Stock Option Grant Agreement, the termination of a Participant's Employment for "cause" as specified in the Personnel Policies and Procedures of the Company's Employment Handbook or any similar employee handbook or manual (the "HANDBOOK"), as the same may be modified from time to time by the Company, PROVIDED, that in the event no definition of "Cause" is specified in the Participant's Stock Option Agreement or the Handbook, Cause shall mean the termination of the Participant's Employment by the Company or an Affiliate on account of (i) a failure of the

Participant to substantially perform his duties (other than as a result of physical or mental illness or injury), after the Board or the executive to which the Participant reports delivers to the Participant a written demand for substantial performance that specifically identifies the manner in which the Participant has not substantially performed his duties; (ii) the Participant's willful misconduct or gross negligence which is materially injurious to the Company; (iii) a breach by a Participant of the Participant's duty of loyalty to the Company and its Affiliates; (iv) the Participant's unauthorized removal from the premises of the Company or Affiliate of any document (in any medium or form) relating to the Company or an Affiliate or the customers of the Company or an Affiliate; or (v) the commission by the Participant of any felony or other serious crime involving moral turpitude. Any rights the Company or an Affiliate may have hereunder in respect of the events giving rise to Cause shall be in addition to the rights the Company or Affiliate may have under any other agreement with the Employee or at law or in equity. If, subsequent to a Participant's termination of Employment, it is discovered that such Participant's Employment could have been terminated for Cause, the Participant's Employment shall, at the election of the Board, in its sole discretion, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

(d) "CHANGE IN CONTROL" shall mean the occurrence of any of the following events: (i) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company or Semiconductor Components Industries, LLC (the "OPERATING SUBSIDIARY") to any Person or group of related persons for purposes of Section 13(d) of the Exchange Act (a "GROUP"), together with any affiliates thereof other than TPG Semiconductor Holdings LLC, TPG Partners II, L.P., or any of their affiliates (hereinafter collectively referred to as "TPG"); (ii) the approval by the holders of

capital stock of the Company of any plan or proposal for the liquidation or dissolution of the Company; (iii) (A) any Person or Group (other than TPG) shall become the owner, directly or indirectly, beneficially or of record, of shares representing more than 25% of the aggregate voting power of the issued and outstanding stock entitled to vote in the election of directors, managers or trustees (the "VOTING STOCK") of the Company and (B) TPG beneficially owns, directly or indirectly, in the aggregate a lesser percentage of the Voting Stock of the Company than such other Person or Group; (iv) the replacement of a majority of the Board of Directors of the Company over a two-year period from the directors who constituted the Board of Directors of the Company at the beginning of such period, and such replacement shall not have been approved by a vote of at least a majority of the Board of Directors of the Company then still in office who either were members of such Board of Directors at the beginning of such period or whose election as a member of such Board of Directors was previously so approved or who were nominated by, or designees of, TPG; (v) any Person or Group other than TPG shall have acquired the power to elect a majority of the members of the Board of Directors of the Company; or (vi) a merger or consolidation of the Company with another entity in which holders of the Common Stock of the Company immediately prior to the consummation of the transaction hold, directly or indirectly, immediately following the consummation of the transaction, 50% or less of the common equity interest in the surviving corporation in such transaction. Notwithstanding the foregoing, in no event shall a Change in Control be deemed to have occurred as a result of an initial public offering of the Common Stock.

(e) "CODE" shall mean the Internal Revenue Code of 1986, as amended.

(f) "COMMISSION" shall mean the U.S. Securities and Exchange Commission.

(g) "COMMON STOCK" shall mean the ordinary shares of the Company, par value US $0.01 per share.

(h) "COMPANY" shall mean SCG Holding Corporation.

(i) "DISABILITY" shall mean a permanent disability as defined in the Company's or an Affiliate's disability plans, or as defined from time to time by the Company, in its discretion, or as specified in the Participant's Stock Option Grant Agreement, provided that in the event the Participant is party to an effective employment agreement with the Company or its Affiliates and such employment agreement contains a different definition of Disability, the definition of Disability contained in such employment agreement shall be substituted for the definition set forth above for all purposes hereunder.

(j) "ELIGIBLE EMPLOYEE" shall mean (i) any Employee who is a key executive of the Company or an Affiliate, or (ii) certain other Employees, directors or consultants who, in the judgment of the Board, should be eligible to participate in the Plan due to the services they perform on behalf of the Company or an Affiliate.

(k) "EMPLOYMENT" shall mean employment with the Company or any Affiliate and shall include the provision of services as a director or consultant for the Company or any Affiliate. "EMPLOYEE" and "EMPLOYED" shall have correlative meanings.

(l) "EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

(m) "EXERCISE DATE" shall have the meaning set forth in Section 4.11 herein.

(n) "EXERCISE NOTICE" shall have the meaning set forth in Section 4.11 herein.

(o) "EXERCISE PRICE" shall mean the price that the Participant must pay under the Option for each share of Common Stock as determined by the Board for each Grant and specified in the Stock Option Grant Agreement.

(p) "FAIR MARKET VALUE" shall mean, as of any date:

(1) prior to the existence of a Public Market for the Common Stock, the value per share of Common Stock as of any Valuation Date as determined in good faith by the Board; or

(2) on which a Public Market for the Common Stock exists, (i) closing price on such day of a share of Common Stock as reported on the principal securities exchange on which shares of Common Stock are then listed or admitted to trading or (ii) if not so reported, the average of the closing bid and ask prices on such day as reported on the National Association of Securities Dealers Automated Quotation System or (iii) if not so reported, as furnished by any member of the National Association of Securities Dealers, Inc. ("NASD") selected by the Board. The Fair Market Value of a share of Common Stock as of any such date on which the applicable exchange or inter-dealer quotation system through which trading in the Common Stock regularly occurs is closed shall be the Fair Market Value determined pursuant to the preceding sentence as of the immediately preceding date on which the Common Stock is traded, a bid and ask price is reported or a trading price is reported by any member of NASD selected by the Board. In the event that the price of a share of Common Stock shall not be so reported or furnished, the Fair Market Value shall be determined by the Board in good faith to reflect the fair market value of a share of Common Stock.

(q) "FINANCING RESTRICTION" shall mean a restriction contained in any guarantee, financing or security agreement or document entered into by the Company or its Affiliates that restricts or prohibits the redemption of the Option(s).

(r) "GRANT" shall mean a grant of an Option under the Plan evidenced by a Stock Option Grant Agreement.

(s) "GRANT DATE" shall mean the Grant Date as defined in Section 4.3 herein.

(t) "MANAGEMENT STOCKHOLDERS' AGREEMENT" shall mean the Management Stockholders' Agreement, substantially in the form attached hereto as Exhibit B, or such other stockholders' agreement as may be entered into between the Company and any Participant.

(u) NON-QUALIFIED STOCK OPTION" shall mean, in respect of Participants who are U.S. taxpayers, an Option that is not an "incentive stock option" within the meaning of Section 422 of the Code.

(v) "OPTION" shall mean the option to purchase Common Stock granted to any Participant under the Plan. Each Option granted hereunder shall be a Non-Qualified Stock Option and shall be identified as such in the Stock Option Grant Agreement by which it is evidenced.

(w) "OPTION CALL PERIOD" shall have the meaning ascribed to it in Section 4.6.

(x) "OPTION SPREAD" shall mean, with respect to an Option, the excess, if any, of the Fair Market Value of a share of Common Stock as of the applicable Valuation Date over the Exercise Price.

(y) "PARTICIPANT" shall mean an Eligible Employee to whom a Grant of an Option under the Plan has been made, and, where applicable, shall include Permitted Transferees.

(z) "PERMITTED TRANSFEREE" shall have the meaning set forth in Section 4.7.

(aa) "PERSON" means an individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

(bb) A "PUBLIC MARKET" for the Common Stock shall be deemed to exist for purposes of the Plan if the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act and trading regularly occurs in such Common Stock in, on or through the facilities of securities exchanges and/or inter-dealer quotation systems in the United States (within the meaning of Section 902(n) of the Securities Act) or any designated offshore securities market (within the meaning of Rule 902(a) of the Securities Act).

(cc) "SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

(dd) "STOCK OPTION GRANT AGREEMENT" shall mean an agreement, substantially in the form which is attached hereto as Exhibit A, entered into by each Participant and the Company evidencing the Grant of each Option pursuant to the Plan.

(ee) "TRANSFER" shall mean any transfer, sale, assignment, gift, testamentary transfer, pledge, hypothecation or other disposition of any interest. "TRANSFEREE" and "TRANSFEROR" shall have correlative meanings.

(ff) "VALUATION DATE" shall mean (i) prior to the existence of a Public Market for the Common Stock, the last day of each calendar quarter, except that in respect of the initial grants approved at the September 9, 1999 Board meeting, August 4, 1999 or (ii) on or after the existence of a Public Market for the Common Stock, the trading date immediately preceding the date of the relevant transaction.

(gg) "VESTING DATE" shall mean the date an Option becomes exercisable as defined in Section 4.4 herein.

3. ADMINISTRATION OF THE PLAN

The Board shall administer the Plan, provided that the Board may appoint a committee to administer the Plan. In the event the Board appoints such a committee, such committee shall have the rights and duties of the Board in respect of the Plan. No member of the Board shall participate in any decision that specifically affects such member's interest in the Plan unless such decision also affects the Options of other Participants in the same manner.

3.1 POWERS OF THE BOARD. In addition to the other powers granted to the Board under the Plan, the Board shall have the power: (a) to determine to which of the Eligible Employees Grants shall be made; (b) to determine the time or times when Grants shall be made and to determine the number of shares of Common Stock subject to each such Grant; (c) to prescribe the form of and terms and conditions of any instrument evidencing a Grant; (d) to adopt, amend and rescind such rules and regulations as, in its opinion, may be advisable for the administration of the Plan; (e) to construe and interpret the Plan, such rules and regulations and the instruments evidencing Grants; and (f) to make all other determinations necessary or advisable for the administration of the Plan.

3.2 DETERMINATIONS OF THE BOARD. Any Grant, determination, prescription or other act of the Board made in good faith shall be final and conclusively binding upon all persons.

3.3 INDEMNIFICATION OF THE BOARD. No member of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Grant. To the full extent permitted by law, the Company shall indemnify and hold harmless each person made or threatened to be made a party to any civil or criminal action or proceeding by reason of the fact that such person, or such person's testator or intestate, is or was a member of the Board to the extent such criminal or civil action or proceeding relates to the Plan.

3.4 COMPLIANCE WITH APPLICABLE LAW. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Common Stock pursuant to the exercise of any Options, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Common Stock are listed or traded. The Company shall use its reasonable efforts to comply with any such law, regulation or requirement with respect to the issuance and delivery of such certificates and, if the Board determines that it must delay the issuance of shares, it shall notify the exercising Participant that the delivery of shares must be delayed until such delivery complies with all applicable laws. Within thirty days after receiving notice that such a delay is necessary, the exercising Participant may elect in his sole discretion, by providing notice to the Company, to receive cash (or cash equivalents) equal to the Option Spread for the applicable shares in lieu of such shares in which case such exercising Participant's Option shall be cancelled with respect to the exercised shares. If the exercising Participant does not serve such notice electing to receive cash instead of the shares, the Board shall deliver the shares to such Participant as soon as practicable after the Board determines that such delivery is no longer prohibited by applicable laws. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements and representations as the Board, in its sole discretion, deems advisable in order to comply with any such laws, regulations or requirements.

3.5 INCONSISTENT TERMS. In the event of a conflict between the terms of the Plan and the terms of any Stock Option Grant Agreement, the terms of the Stock Option Grant Agreement shall govern.

3.6 PLAN TERM. The Board shall not Grant any Options under this Plan on or after September 9, 2009. All Options which remain outstanding after such date shall continue to be governed by the Plan.

4. OPTIONS

Subject to adjustment as provided in Section 4.14 hereof, the Board may grant to Participants Options to purchase shares of Common Stock of the Company which, in the aggregate, do not exceed 17,015,000 shares of Common Stock. To the extent that any Option granted under the Plan terminates, expires or is canceled without having been exercised, the shares covered by such Option shall again be available for Grant under the Plan.

4.1 IDENTIFICATION OF OPTIONS. The Options granted under the Plan shall be clearly identified in the Stock Option Grant Agreement as Non-Qualified Stock Options.

4.2 EXERCISE PRICE. The Exercise Price of any Option granted under the Plan shall be such price as the Board shall determine (which may be equal to, less than or greater than the Fair Market Value of a share of Common Stock on the Grant Date for such Options but shall not be less than par value per share) and which shall be specified in the Stock Option Grant Agreement; provided that such price may not be less than the minimum price required by law.

4.3 GRANT DATE. The Grant Date of the Options shall be the date designated by the Board and specified in the Stock Option Grant Agreement as of the date the Option is granted.

4.4 VESTING DATE OF OPTIONS. Each Stock Option Grant Agreement shall indicate the date or conditions under which such Option shall become exercisable. Notwithstanding the foregoing, in the event of a Change in Control, all outstanding Options granted hereunder shall immediately become vested and exercisable.

4.5 EXPIRATION OF OPTIONS. With respect to each Participant, such Participant's Option(s), or portion thereof, which have not become exercisable shall expire on the date such Participant's Employment is terminated for any reason unless otherwise specified in the Stock Option Grant Agreement. With respect to each Participant, each Participant's Option(s), or any portion thereof, which have become exercisable on the date such Participant's Employment is terminated shall expire on the earlier of (i) the commencement of business on the date the Participant's Employment is terminated for Cause; (ii) 90 days after the date the Participant's Employment is terminated for any reason other than Cause, death or Disability; (iii) one year after the date the Participant's Employment is terminated by reason of death or Disability; or (iv) the 10th anniversary of the Grant Date for such Option(s). For the avoidance of doubt, any Option, or portion thereof, that has become exercisable by a Permitted Transferee on account of the death of a Participant shall expire one year after the date such deceased Participant's Employment terminated by reason of death. Notwithstanding the foregoing, the Board may specify in the Stock Option Grant Agreement a different expiration date or period for any Option granted hereunder, and such expiration date or period shall supersede the foregoing expiration period.

4.6 OPTION CALL RIGHT. Unless otherwise specified in the Stock Option Grant Agreement, upon a termination of a Participant's Employment for any reason prior to the existence of a Public Market, the Company shall have the right, in its sole discretion, during the ninety-day period immediately following the date of termination (the "OPTION CALL PERIOD"), to purchase for cash any Options or portions thereof that have become exercisable and are then held by the Participant for a purchase price per share equal to the Option Spread determined as of the Valuation Date immediately preceding the date that the Company exercises its right to purchase

such Option. Such payment shall be made within ten days after the date that the Company notifies the Participant that it is exercising its Option Call Right and the Company may withhold an amount equal to the applicable federal, state and local withholding taxes from such payment, provided that the Company may delay any such payment in the event it is prohibited from making such payment as a result of any Financing Restriction until the date that is as soon as practicable after such Financing Restriction has lapsed. Specific provisions regarding Financing Restrictions (including the interest rate during any delay period) shall be provided in the Stock Option Grant Agreement.

4.7 LIMITATION ON TRANSFER. Unless otherwise provided in the Stock Option Grant Agreement, during the lifetime of a Participant, each Option shall be exercisable only by such Participant. Upon the death of the Participant, such Participant's Option(s) shall be transferrable to his beneficiaries or his estate (a "PERMITTED TRANSFEREE").

4.8 CONDITION PRECEDENT TO TRANSFER OF ANY OPTION. It shall be a condition precedent to any Transfer of any Option by any Participant that the Transferee, if not already a Participant in the Plan, shall agree prior to the Transfer in writing with the Company to be bound by the terms of the Plan, the Stock Option Grant Agreement and the Management Stockholder's Agreement as if he had been an original signatory thereto, except that any provisions of the Plan based on the Employment (or termination thereof) of the original Participant shall continue to be based on the Employment (or termination thereof) of the original Participant.

4.9 EFFECT OF VOID TRANSFERS. In the event of any purported Transfer of any Options in violation of the provisions of the Plan, such purported Transfer shall, to the extent permitted by applicable law, be void and of no effect.

4.10 EXERCISE OF OPTIONS. A Participant may exercise any or all of his vested Options by serving an Exercise Notice on the Company as provided in Section 4.11 hereto.

4.11 METHOD OF EXERCISE. The Option shall be exercised by delivery of written notice to the Company's principal office (the "EXERCISE NOTICE"), to the attention of its Secretary, no less than five business days in advance of the effective date of the proposed exercise (the "EXERCISE DATE"). Such notice shall (a) specify the number of shares of Common Stock with respect to which the Option is being exercised, the Grant Date of such Option and the Exercise Date, (b) be signed by the Participant, (c) prior to the existence of a Public Market for the Common Stock, indicate in writing that the Participant agrees to be bound by the Management Stockholders' Agreement, and (d) if the Option is being exercised by the Participant's Permitted Transferee(s), such Permitted Transferee(s) shall indicate in writing that they agree to and shall be bound by the Plan and Stock Option Grant Agreement as if they had been original signatories thereto (as provided in Section 4.8 hereof) and, prior to the existence of a Public Market for the Common Stock, by the Management Stockholders' Agreement. The Exercise Notice shall include (i) payment in cash (or cash equivalents) for an amount equal to the Exercise Price multiplied by the number of shares of Common Stock specified in such Exercise Notice, (ii) a certificate representing the number of shares of Common Stock with a Fair Market Value equal to the Exercise Price (provided the Participant has owned such shares at least six months prior to the Exercise Date) multiplied by the number of shares of Common Stock specified in such Exercise Notice, or (iii) a combination of (i) and (ii) or any method otherwise approved by the Board. In addition, the Exercise Notice shall include payment in cash (or cash equivalents) in an amount equal to the applicable withholding taxes based on the Option Spread for each share of Common Stock specified in the Exercise Notice as of the most recent Valuation Date. The

Board may, in its discretion, permit Participants to make the above-described payments in forms other than cash. The partial exercise of the Option, alone, shall not cause the expiration, termination or cancellation of the remaining Options.

4.12 CERTIFICATES OF SHARES. Subject to Section 3.4 herein, upon the exercise of the Options in accordance with Section 4.11 and, prior to the existence of a Public Market for the Common Stock, upon execution of the Management Stockholders' Agreement, in the Board's sole discretion, certificates of shares of Common Stock shall be issued in the name of the Participant and delivered to such Participant or the ownership of such shares shall be otherwise recorded in a book-entry or similar system utilized by the Company as soon as practicable following the Exercise Date. Prior to the existence of a Public Market, no shares of Common Stock shall be issued to or recorded in the name of any Participant until such Participant agrees to be bound by and executes the Management Stockholders' Agreement.

4.13 ADMINISTRATION OF OPTIONS.

(a) TERMINATION OF THE OPTIONS. The Board may, at any time, in its absolute discretion, without amendment to the Plan or any relevant Stock Option Grant Agreement, terminate the Options then outstanding, whether or not exercisable, PROVIDED, HOWEVER, that the Company, in full consideration of such termination, shall pay with respect to any Option, or portion thereof, then outstanding, an amount equal to the Option Spread determined as of the Valuation Date coincident with or immediately preceding the date of termination multiplied by the number of shares of Common Stock underlying such Option. Such payment shall be made as soon as practicable after the payment amounts are determined, PROVIDED, HOWEVER, that the Company shall have the option to make payments to the Participants by issuing a note to the

Participant bearing a rate of interest equal to the average annual prime rate charged during the term of such note by a nationally recognized bank designated by the Board.

(b) AMENDMENT OF TERMS OF OPTIONS. The Board may, in its absolute discretion, amend the Plan or terms of any Option, PROVIDED, HOWEVER, that any such amendment shall not impair or adversely affect the Participants' rights under the Plan or such Option without such Participant's written consent.

4.14 ADJUSTMENT UPON CHANGES IN COMPANY STOCK.

(a) INCREASE OR DECREASE IN ISSUED SHARES WITHOUT CONSIDERATION. Subject to any required action by the stockholders of the Company, in the event of any increase or decrease in the number of issued shares of Common Stock resulting from a subdivision or consolidation of shares of Common Stock or the payment of a stock dividend (but only on the shares of Common Stock), or any other increase or decrease in the number of such shares effected without receipt of consideration by the Company, the Board shall make such adjustments with respect to the number of shares of Common Stock subject to the Options and the exercise price per share of Common Stock, as the Board may, in its absolute discretion, consider appropriate to prevent the enlargement or dilution of rights.

(b) CERTAIN MERGERS. Subject to any required action by the stockholders of the Company, in the event that the Company shall be the surviving corporation in any merger or consolidation (except a merger or consolidation as a result of which the holders of shares of Common Stock receive securities of another corporation), the Options outstanding on the date of such merger or consolidation shall pertain to and apply to the securities that a holder of the number of shares of Common Stock subject to any such Option would have received in such merger or consolidation (it being understood that if, in connection with such transaction, the

stockholders of the Company retain their shares of Common Stock and are not entitled to any additional or other consideration, the Options shall not be affected by such transaction).

(c) CERTAIN OTHER TRANSACTIONS. In the event of (i) a dissolution or liquidation of the Company, (ii) a sale of all or substantially all of the Company's assets, (iii) a merger or consolidation involving the Company in which the Company is not the surviving corporation or (iv) a merger or consolidation involving the Company in which the Company is the surviving corporation but the holders of shares of Common Stock receive securities of another corporation and/or other property, including cash, the Board shall, in its absolute discretion, have the power to provide for the exchange of each Option outstanding immediately prior to such event (whether or not then exercisable) for an option on or stock appreciation right with respect to, as appropriate, some or all of the property for which the stock underlying such Options are exchanged and, incident thereto, make an equitable adjustment, as determined by the Board, in the exercise price of the options or stock appreciation rights, or the number of shares or amount of property subject to the options or stock appreciation rights or, if appropriate, provide for a cash payment to the Participants in partial consideration for the exchange of the Options as the Board may consider appropriate to prevent dilution or enlargement of rights.

(d) OTHER CHANGES. In the event of any change in the capitalization of the Company or a corporate change other than those specifically referred to in Sections 4.14(a), (b) or (c) hereof, the Board shall, in its absolute discretion, make such adjustments in the number and class of shares subject to Options outstanding on the date on which such change occurs and in the per-share exercise price of each such Option as the Board may consider appropriate to prevent dilution or enlargement of rights.

(e) NO OTHER RIGHTS. Except as expressly provided in the Plan or the Stock Option Grant Agreements evidencing the Options, the Participants shall not have any rights by reason of (i) any subdivision or consolidation of shares of Common Stock or shares of stock of any class, (ii) the payment of any dividend, any increase or decrease in the number of shares of Common Stock, or (iii) any dissolution, liquidation, merger or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or the Stock Option Grant Agreements evidencing the Options, no issuance by the Company of shares of Common Stock or shares of stock of any class, or securities convertible into shares of Common Stock or shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to the Options or the exercise price of such Options.

5. PROVISIONS APPLICABLE TO EMPLOYEES WHO ARE FRENCH CITIZENS OR WHO WORK IN FRANCE

Notwithstanding any other provision of the Plan to the contrary, the following provisions shall apply to Options granted to any employee who is a French citizen or who works primarily in France as of the Grant Date (referred to herein as a "FRENCH EMPLOYEE").

5.1 CONSULTANTS. Notwithstanding anything to the contrary herein, no French Employee who would otherwise be considered a consultant under French law may be granted an Option under the Plan.

5.2 TERMINATION FOR CAUSE. The last sentence of Section 2(c) (definition of Cause) shall not apply to French Employees.

5.3 TEN PERCENT OWNERS. Notwithstanding the provisions of Section 2(j) herein, no Option shall be granted to any French Employee who holds more than ten percent of the capital of the Company on the Grant Date.

5.4 EXERCISE PRICE. Notwithstanding the provisions of Section 2(o) herein, all Options granted to French Employees shall be granted at an Exercise Price per share equal to Fair Market Value per share as of the Grant Date.

5.5 CASH PAYMENT IN THE EVENT OF A DELAY. Notwithstanding the provisions of Section 3.4 herein, French Employees shall not have the option to elect to receive a cash payment in lieu of his shares in the event the Company determines that it must delay delivery of shares upon exercise in order to comply with applicable law. All other provisions of Section 3.4 remain in full force and effect with respect to Options granted to French Employees.

5.6 TIME LIMITATIONS. Notwithstanding the provisions of Section 3.6 herein, no Options shall be granted to any French Employee five years after the later of (x) the date the Company's stockholders initially approved the Plan or (y) the date the Plan has been subsequently re-authorized, in its original form or as amended from time to time by the Board, by the Company's stockholders.

5.7 VESTING OF OPTIONS. Notwithstanding Section 4.4 herein, no portion of any Option granted to a French Employee shall become exercisable before the two-year anniversary of the Grant Date.

5.8 EFFECT OF PARTICIPANT'S DEATH. Notwithstanding the provisions of Section 4.5 or any other provision hereof, in respect of a Participant who is a French Employee, upon

such French Employee's death, the vested portion of such Participant's Option shall remain exercisable for a period of six months after the date of his death and shall be exercisable by his heirs, provided his heirs agree to comply with and be bound by the Plan and the Management Stockholders' Agreement, if applicable.

5.9 NO OPTION CALL RIGHT. Notwithstanding the provisions of Section 4.6 herein, the Company shall not have a Call Right with respect to Options granted to any French Employees.

5.10 MANAGEMENT STOCKHOLDERS' AGREEMENT. Notwithstanding the provisions of Sections 4.11 and 4.12 herein, each French Employee who has been granted an Option must agree to be bound by and execute the Management Stockholders' Agreement (as modified for French Employees) if exercising any portion of such Option prior to the later of (x) the fifth anniversary of the Grant Date or (y) the existence of a Public Market. This provision is intended to restrict the resale of any shares of Common Stock received pursuant to the exercise of an Option by French Employees for a period of three years after the Vesting Date of the Option. Accordingly, the Management Stockholders' Agreement with respect to French Employees shall reflect this three-year restriction.

5.11 TERMINATION OF OPTIONS. Notwithstanding Section 4.13(a) herein, the Company shall not terminate any portion of an Option granted to any French Employee.

5.12 ADJUSTMENT OF OPTIONS. Notwithstanding Section 4.14 herein, any adjustment made to any Option granted to a French Employee shall comply with applicable French law.

6. MISCELLANEOUS

6.1 RIGHTS AS STOCKHOLDERS. The Participants shall not have any rights as stockholders with respect to any shares of Common Stock covered by or relating to the Options granted pursuant to the Plan until the date the Participants become the registered owners of such shares. Except as otherwise expressly provided in Sections 4.13 and 4.14 hereof, no adjustment to the Options shall be made for dividends or other rights for which the record date occurs prior to the date such stock certificate is issued.

6.2 NO SPECIAL EMPLOYMENT RIGHTS. Nothing contained in the Plan shall confer upon the Participants any right with respect to the continuation of their Employment or interfere in any way with the right of the Company or an Affiliate, subject to the terms of any separate Employment agreements to the contrary, at any time to terminate such Employment or to increase or decrease the compensation of the Participants from the rate in existence at the time of the grant of any Option.

6.3 NO OBLIGATION TO EXERCISE. The Grant to the Participants of the Options shall impose no obligation upon the Participants to exercise such Options.

6.4 RESTRICTIONS ON COMMON STOCK. The rights and obligations of the Participants with respect to Common Stock obtained through the exercise of any Option provided in the Plan shall be governed by the terms and conditions of the Management Stockholders' Agreement.

6.5 NOTICES. Each notice and other communication hereunder shall be in writing and shall be given and shall be deemed to have been duly given on the date it is delivered in person, on the next business day if delivered by overnight mail or other reputable overnight courier, or the third business day if sent by registered mail, return receipt requested, to the parties as follows:

If to the Participant:

To the most recent address shown on records of the Company or its Affiliate.

If to the Company:

SCG Holding Corporation
5005 East McDowell Road
Phoenix, AZ 85008
Attention: Board of Directors and Secretary

or to such other address as any party may have furnished to the other in writing in accordance herewith.

6.6 DESCRIPTIVE HEADINGS. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the meaning of the terms contained herein.

6.7 SEVERABILITY. In the event that any one or more of the provisions, subdivisions, words, clauses, phrases or sentences contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision, subdivision, word, clause, phrase or sentence in every other respect and of the remaining provisions, subdivisions, words, clauses, phrases or sentences hereof shall not in any way be impaired, it being intended that all rights, powers and privileges of the Company and Participants shall be enforceable to the fullest extent permitted by law.

6.8 GOVERNING LAW. The Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to the provisions governing conflict of laws.

EXHIBIT "A"

STOCK OPTION GRANT AGREEMENT
(NON-QUALIFIED STOCK OPTIONS)

THIS AGREEMENT, made as of this ___th day of _____ 1999 between SCG Holding Corporation (the "COMPANY") and _____ (the "PARTICIPANT").

WHEREAS, the Company has adopted and maintains the SCG Holding Corporation 1999 Founders Stock Option Plan (the "PLAN") to promote the interests of the Company and its Affiliates and stockholders by providing the Company's key employees and others with an appropriate incentive to encourage them to continue in the employ of the Company or its affiliates and to improve the growth and profitability of the Company;

WHEREAS, the Plan provides for the Grant to Participants in the Plan of Non-Qualified Stock Options to purchase shares of Common Stock of the Company.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto hereby agree as follows:

1. GRANT OF OPTIONS. Pursuant to, and subject to, the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant a NON-QUALIFIED STOCK OPTION (the "OPTION") with respect to _____ shares of Common Stock of the Company.

2. GRANT DATE. The Grant Date of the Option hereby granted is _____, ____.

3. INCORPORATION OF PLAN. All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of this Agreement, as interpreted by the Board, shall govern. All capitalized terms used and not defined herein shall have the meaning given to such terms in the Plan.

4. EXERCISE PRICE. The exercise price of each share underlying the Option hereby granted is $_____.

5. VESTING DATE. The Option shall become exercisable as follows: Approximately 8.4 percent of the Option shall become exercisable on the Grant Date; an additional 8.3 percent of the Option shall become exercisable six months following the Grant Date; an additional 8.3 percent of the Option shall become exercisable on the first anniversary of the Grant Date; and on each six-month anniversary following the first one-year anniversary of the Grant Date, an additional 12.5 percent of the Option shall become exercisable until 100 percent of the Option is fully vested and exercisable; PROVIDED THAT, the number of shares to become exercisable on any Vesting Date shall be rounded up to the nearest share, but in no event shall more than 25 percent of the shares underlying the Option become exercisable in any

twelve-month period, nor shall more than the total number of shares underlying the Option become exercisable. Notwithstanding the foregoing, in the event of a Change in Control (as defined in the Plan), any portion of the Option which has not expired pursuant to Section 6 below, shall become immediately vested and exercisable on the date of such Change in Control.

6. EXPIRATION DATE. Subject to the provisions of the Plan, with respect to the Option or any portion thereof which has not become exercisable, the Option shall expire on the date the Participant's Employment is terminated for any reason, and with respect to any Option or any portion thereof which has become exercisable, the Option shall expire on the earlier of: (i) 90 days after the Participant's termination of Employment other than for Cause, death or Disability; (ii) one year after termination of the Participant's Employment by reason of death or Disability; (iii) the commencement of business on the date the Participant's Employment is, or is deemed to have been, terminated for Cause; or (iv) the tenth anniversary of the Grant Date.

7. COMPANY CALL RIGHTS. Upon a termination of the Participant's Employment for any reason prior to the existence of a Public Market, the Company shall have the right, in its sole discretion, during the ninety-day period immediately following the date of termination (the "OPTION CALL PERIOD"), to purchase for cash any portion of the Option that has become exercisable on or before the date of such termination of Employment for a purchase price equal to the Option Spread, if any, determined as of the Valuation Date immediately preceding the date that the Company exercises its right to purchase such Option multiplied by the number of shares of Common Stock underlying such portion of the Option. Upon written notice that the Company is exercising its right to purchase such portion of the Option, such Option shall no longer be exercisable by the Participant (unless otherwise agreed by the Company) and, upon payment by the Company, such Option shall immediately become void and cancelled, without any further action by the Participant or the Company or otherwise. Such payment shall be made within ten days after the date that the Company notifies the Participant in writing that it is exercising its right to purchase the Option hereunder, provided that the Company may delay any such payment in the event such payment will result in the violation of the terms or provisions of, or result in a default or event of default under, any guarantee, financing or security agreement or document entered into by the Company or any of its Affiliates and in effect on such date (hereinafter a "FINANCING AGREEMENT"). In the event the payment of the purchase price is delayed as a result of a restriction imposed by a Financing Agreement as provided above, such payment shall be made without the application of further conditions or impediments as soon as practicable after the payment of such purchase price would no longer result in the violation of the terms or provisions of, or result in a default or event of default under, any Financing Agreement, and such payment shall equal the amount that would have been paid to the Participant if no delay had occurred plus interest for the period from the date on which the purchase price would have been paid but for the delay in payment provided herein to the date on which such payment is made (the "DELAY PERIOD"), calculated at an annual rate equal to the average annual prime rate charged during the Delay Period by a nationally recognized bank designated by the Board. The Company may deduct from any payment provided hereunder an amount equal to the applicable federal, state and local withholding taxes.

8.CONSTRUCTION OF AGREEMENT. Any provision of this Agreement (or portion thereof) which is deemed invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this section, be ineffective to the extent of such invalidity, illegality or

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

9. DELAYS OR OMISSIONS. No delay or omission to exercise any right, power or remedy accruing to any party hereto upon any breach or default of any party under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party or any provisions or conditions of this Agreement, shall be in writing and shall be effective only to the extent specifically set forth in such writing.

10. LIMITATION ON TRANSFER. During the lifetime of the Participant, the Option shall be exercisable only by the Participant. The Option shall not be assignable or transferable other than by will or by the laws of descent and distribution. All shares of Common Stock obtained pursuant to the Option granted herein shall not be transferred except as provided in the Plan and, where applicable, the Management Stockholders' Agreement.

11. INTEGRATION. This Agreement, and the other documents referred to herein or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to its subject matter. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein and in the Plan. This Agreement, including without limitation the Plan, supersedes all prior agreements and understandings between the parties with respect to its subject matter.

12. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

13. GOVERNING LAW. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware (United States of America) without regard to the provisions governing conflict of laws.

14. PARTICIPANT ACKNOWLEDGMENT. The Participant hereby acknowledges receipt of a copy of the Plan. The Participant hereby acknowledges that all decisions, determinations and interpretations of the Board in respect of the Plan, this Agreement and the Option shall be final and conclusive. The Participant further acknowledges that, prior to the existence of a Public Market, no exercise of the Option or any portion thereof shall be effective

unless and until the Participant has executed the Management Stockholders' Agreement and the Participant hereby agrees to be bound thereby.

* * * * *

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by its duly authorized officer and said Participant has hereunto signed this Agreement on his own behalf, thereby representing that he has carefully read and understands this Agreement, the Plan and the Management Stockholders' Agreement as of the day and year first written above.

SCG Holding Corporation

By:
Title:

[Participant's name]

EXHIBIT "B"

MANAGEMENT STOCKHOLDERS' AGREEMENT

MANAGEMENT STOCKHOLDERS' AGREEMENT (this "AGREEMENT"), dated as of _____, 199__, between SCG Holding Corporation (the "COMPANY"), the TPG Semiconductor Holdings LLC (the "Majority Stockholder") and _____ (the "MANAGEMENT STOCKHOLDER").

WHEREAS, the Management Stockholder is an employee of the Company or an affiliate of the Company and in such capacity was granted an option (the "OPTION") to purchase shares of common stock of the Company, $0.01 par value per share ("COMMON STOCK"), pursuant to the Company's 1999 Founders Stock Option Plan (the "PLAN");

WHEREAS, as a condition to the issuance of shares of Common Stock pursuant to the exercise of the Option, the Management Stockholder is required under the Plan to execute this Agreement;

WHEREAS, the Management Stockholder desires to exercise the Option to purchase shares of Common Stock; and

WHEREAS, the Management Stockholder, the Majority Stockholder and the Company desire to enter into this Agreement and to have this Agreement apply to the shares to be purchased pursuant to the Plan and to any shares of Common Stock acquired after the date hereof by the Management Stockholder from whatever source, subject to any future agreement between the Company and the Management Stockholder to the contrary (in the aggregate, the "SHARES").

NOW THEREFORE, in consideration of the premises hereinafter set forth, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows.

1. INVESTMENT. The Management Stockholder represents that the Shares are being acquired for investment and not with a view toward the distribution thereof.

2. ISSUANCE OF SHARES. The Management Stockholder acknowledges and agrees that the certificate for the Shares shall bear the following legends (except that the second paragraph of this legend shall not be required after the Shares have been registered and except that the first paragraph of this legend shall not be required after the termination of this Agreement):

> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS OF A MANAGEMENT STOCKHOLDERS' AGREEMENT DATED AS OF _____, 19__ AND MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED, ASSIGNED OR ENCUMBERED, EXCEPT AS MAY BE PERMITTED BY THE AFORESAID AGREEMENT. A

COPY OF THE MANAGEMENT STOCKHOLDERS' AGREEMENT MAY BE OBTAINED FROM THE SECRETARY OF THE COMPANY.

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SHARES UNDER THE SECURITIES ACT OF 1933 OR AN OPINION OF COUNSEL FOR THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT.

Upon the termination of this Agreement, or upon registration of the Shares under the Securities Act of 1933 (the "SECURITIES ACT"), the Management Stockholder shall have the right to exchange any Shares containing the above legend (i) in the case of the registration of the Shares, for Shares legended only with the first paragraph described above and (ii) in the case of the termination of this Agreement, for Shares legended only with the second paragraph described above.

3. TRANSFER OF SHARES; CALL RIGHTS.

(a) The Management Stockholder agrees that he will not cause or permit the Shares or his interest in the Shares to be sold, transferred, hypothecated, assigned or encumbered except as expressly permitted by this Section 3; PROVIDED, HOWEVER, that the Shares or any such interest may be transferred (i) on the Management Stockholder's death by bequest or inheritance to the Management Stockholder's executors, administrators, testamentary trustees, legatees or beneficiaries, (ii) in accordance with Section 4 of this Agreement, and (iii) to the Company pursuant to Section 4.11 of the Plan, subject in any such case to the agreement by each transferee (other than the Company or as otherwise permitted by the Company) in writing to be bound by the terms of this Agreement and provided in any such case that no such transfer that would cause the Company to be required to register the Common Stock under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), shall be permitted.

(b) The Company (or its designated assignee) shall have the right, during the one-hundred-twenty-day period (x) beginning on the one-year anniversary of the termination of the Management Stockholder's employment as a result of death or Disability or (y) immediately following the termination of the employment of the Management Stockholder with the Company for any other reason at any time, to purchase from the Management Stockholder, and upon the exercise of such right the Management Stockholder shall sell to the Company (or its designated assignee), all or any portion of the Shares held by the Management Stockholder as of the date as of which such right is exercised at a per Share price equal to the Fair Market Value (as defined in the Plan) of a share of Common Stock determined as of the Valuation Date (as defined in the Plan) immediately preceding the date as of which such right is exercised. The Company (or its designated assignee) shall exercise such right by delivering to the Management Stockholder a written notice specifying its intent to purchase Shares held by the Management Stockholder, the date as of which such right is to be exercised and the number of Shares to be purchased. Such purchase and sale shall occur on such date as the Company (or its designated assignee) shall specify which date shall not be later than ninety (90) days after the fiscal quarter-end

immediately following the date as of which the Company's right is exercised; PROVIDED THAT the Company may delay any such payment in the event such payment will result in the violation of the terms or provisions of, or result in a default or event of default under, any guarantee, financing or security agreement or document entered into by the Company or any of its Affiliates and in effect on such date (hereinafter a "FINANCING AGREEMENT"). In the event the payment of the purchase price is delayed as a result of a restriction imposed by a Financing Agreement as provided above, such payment shall be made without the application of further conditions or impediments as soon as practicable after the payment of such purchase price would no longer result in the violation of the terms or provisions of, or result in a default or event of default under, any Financing Agreement, and such payment shall equal the amount that would have been paid to the Management Stockholder if no delay had occurred plus interest for the period from the date on which the purchase price would have been paid but for the delay in payment provided herein to the date on which such payment is made (the "DELAY PERIOD"), calculated at an annual rate equal to the average annual prime rate charged during the Delay Period by a nationally recognized bank designated by the Board.

4. CERTAIN RIGHTS.

(a) DRAG ALONG RIGHTS. If the Majority Stockholder desires to sell all or substantially all of its shares of Common Stock to a good faith independent purchaser (a "PURCHASER") (other than any other investment partnership, limited liability company or other entity established for investment purposes and controlled by the principals of the Majority Stockholder or any of its affiliates and other than any employees of the Majority Stockholder hereinafter referred to as a "PERMITTED TRANSFEREE") and said Purchaser desires to acquire all or substantially all of the issued and outstanding shares of Common Stock (or all or substantially all of the assets of the Company) upon such terms and conditions as agreed to with the Majority Stockholder, the Management Stockholder agrees to sell all of his Shares to said Purchaser (or to vote all of his Shares in favor of any merger or other transaction which would effect a sale of such shares of Common Stock or assets of the Company) at the same price per share of Common Stock and pursuant to the same terms and conditions with respect to payment for the shares of Common Stock as agreed to by the Majority Stockholder. In such case, the Majority Stockholder shall give written notice of such sale to the Management Stockholder at least thirty (30) days prior to the consummation of such sale, setting forth (i) the consideration to be received by the holders of shares of Common Stock, (ii) the identity of the Purchaser, (iii) any other material items and conditions of the proposed transfer and (iv) the date of the proposed transfer.

(b) TAG ALONG RIGHTS. (i) Subject to paragraph (iv) of this Section 4(b), if the Majority Stockholder or its Permitted Transferee proposes to transfer any of its shares of Common Stock to a Purchaser (other than a Permitted Transferee), then the Majority Stockholder or his Permitted Transferee (hereinafter referred to as a "SELLING STOCKHOLDER") shall give written notice of such proposed transfer to the Management Stockholder (the "SELLING STOCKHOLDER'S NOTICE") at least thirty (30) days prior to the consummation of such proposed transfer, and shall provide notice to all other stockholders of the Company to whom the Majority Stockholder has granted similar "tag-along" rights (such stockholders together with the Management Stockholder, referred to herein as the "OTHER STOCKHOLDERS") setting forth (A) the number of shares of Common Stock offered, (B) the consideration to be received by such Selling

Stockholder, (C) the identity of the Purchaser, (D) any other material items and conditions of the proposed transfer and (E) the date of the proposed transfer.

(ii) Upon delivery of the Selling Stockholder's Notice, the Management Stockholder may elect to sell up to the sum of (A) the Pro Rata Portion (as hereinafter defined) and (B) the Excess Pro Rata Portion (as hereinafter defined) of his Shares, at the same price per share of Common Stock and pursuant to the same terms and conditions with respect to payment for the shares of Common Stock as agreed to by the Selling Stockholder, by sending written notice to the Selling Stockholder within fifteen (15) days after the date of the Selling Stockholder's Notice, indicating his election to sell up to the sum of the Pro Rata Portion plus the Excess Pro Rata Portion of his Shares in the same transaction. Following such fifteen-day period, the Selling Stockholder and each Other Stockholder who has served notice on the Selling Stockholder shall be permitted to sell to the Purchaser on the terms and conditions set forth in the Selling Stockholder's Notice the sum of (X) the Pro Rata Portion and (Y) the Excess Pro Rata Portion of its Shares.

(iii) For purposes of Section 4(b) hereof, "PRO RATA PORTION" shall mean, with respect to shares of Common Stock held by the Management Stockholder or Selling Stockholder, as the case may be, a number equal to the product of (x) the total number of such shares then owned by the Management Stockholder or the Selling Stockholder, as the case may be, and (y) a fraction, the numerator of which shall be the total number of such shares proposed to be sold to the Purchaser as set forth in the Selling Stockholder's Notice, and the denominator of which shall be the total number of such shares then outstanding (including such shares proposed to be sold by the Selling Stockholder); provided that, in the event any of the Other Stockholders (including the Management Stockholder) elects to sell less than his or her Pro Rata Portion, such lesser amount shall be deemed to be his or her Pro Rata Portion for purposes of this Agreement, and provided that any fraction of a share resulting from such calculation shall be disregarded for purposes of determining the Pro Rata Portion. For purposes of Section 4(b), with respect to each Other Stockholder and the Management Stockholder, "EXCESS PRO RATA PORTION" shall mean a whole number equal to the product of (x) the number of Non-Elected Shares (as defined below) and (y) a fraction, the numerator of which shall be such Management Stockholder's Pro Rata Portion, and the denominator of which shall be the number of Elected Shares (as defined below), provided that any fraction of a share resulting from such calculation shall be disregarded for purposes of determining the Excess Pro Rata Portion. For purposes of Section 4(b), with respect to the Selling Stockholder, "EXCESS PRO RATA PORTION" shall mean the excess, if any, of the number of Non-Elected Shares over the aggregate Excess Pro Rata Portions of the Other Stockholders (including the Management Stockholder.) For purposes of this Agreement, "ELECTED SHARES" shall mean the sum of (x) the aggregate Pro Rata Portions with respect to the shares of Common Stock of all of the Other Stockholders (including the Management Stockholder) that have elected to exercise in full their rights to sell their Pro Rata Portion of shares of Common Stock, and (y) the Selling Stockholder's Pro Rata Portion of shares of Common Stock. For purposes of this Agreement, "NON-ELECTED SHARES" shall mean the excess, if any, of the total number of shares of Common Stock proposed to be sold to a Purchaser as set forth in a Selling Stockholder's Notice over the aggregate Pro Rata Portions with respect to shares of Common Stock of all of the Other Stockholders (including the Management Stockholder) that have elected to exercise their rights to sell their Pro Rata Portions of Shares of Common Stock.

(iv) Notwithstanding anything to the contrary contained herein, the provisions of this Section 4(b) shall not apply to any sale or transfer by the Majority Stockholder of shares of Common Stock unless and until the Majority Stockholder, after giving effect to the proposed sale or transfer, shall have sold or transferred in the aggregate (other than to Permitted Transferees) shares of Common Stock, representing 7.5% of shares of Common Stock owned by the Majority Stockholder on the date hereof.

5. TERMINATION. This Agreement shall terminate immediately following the existence of a Public Market for the Common Stock except that (i) the requirements contained in Section 2 hereof shall survive the termination of this Agreement and (ii) the provisions contained in Section 3 hereof shall continue with respect to each Share during such period of time, if any, as the Management Stockholder is precluded from selling such Shares pursuant to Rule 144 of the Securities Act. For this purpose, a "PUBLIC MARKET" for the Common Stock shall be deemed to exist if the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act and trading regularly occurs in such Common Stock in, on or through the facilities of securities exchanges and/or inter-dealer quotation systems in the United States (within the meaning of Section 902(n) of the Securities Act) or any designated offshore securities market (within the meaning of Rule 902(a) of the Securities Act).

6. DISTRIBUTIONS WITH RESPECT TO SHARES. As used herein, the term "SHARES" includes securities of any kind whatsoever distributed with respect to the Common Stock acquired by the Management Stockholder pursuant to the Plan or any such securities resulting from a stock split or consolidation involving such Common Stock.

7. AMENDMENT; ASSIGNMENT. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by authorized representatives of the parties or, in the case of a waiver, by an authorized representative of the party waiving compliance. No such written instrument shall be effective unless it expressly recites that it is intended to amend, supersede, cancel, renew or extend this Agreement or to waive compliance with one or more of the terms hereof, as the case may be. Except for the Management Stockholder's right to assign his or her rights under Section 3(a) or the Company's right to assign its rights under Section 3(b), no party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties hereto.

8. NOTICES. Each notice and other communication hereunder shall be in writing and shall be given and shall be deemed to have been duly given on the date it is delivered in person, on the next business day if delivered by overnight mail or other reputable overnight courier, or the third business day if sent by registered mail, return receipt requested, to the parties as follows:

If to the Management Stockholder, to his most recent address shown on records of the Company or its Affiliate;

If to the Company:

SCG Holding Corporation
5005 East McDowell Road
Phoenix, AZ 85008
Attention: Board of Directors and Secretary

If to the Majority Stockholder, to its most recent address shown on records of the Company or its Affiliate;

or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall only be effective upon receipt.

9. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but each of which together shall constitute one and the same document.

10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to its principles of conflicts of law.

11. BINDING EFFECT. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the heirs, personal representatives, successors and permitted assigns of the parties hereto. Nothing expressed or referred to in this Agreement is intended or shall be construed to give any person other than the parties to this Agreement, or their respective heirs, personal representatives, successors or assigns, any legal or equitable rights, remedy or claim under or in respect of this Agreement or any provision contained herein.

12. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

13. SEVERABILITY. If any term, provision, covenant or restriction of this Agreement, is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

14. MISCELLANEOUS. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

* * * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

[Management Stockholder]

SCG Holding Corporation

By:
Title:

TPG Semiconductor Holdings LLC

By:
Title:

AMENDMENT TO THE
LIMITED LIABILITY COMPANY AGREEMENT
OF SCG INTERNATIONAL DEVELOPMENT LLC

Semiconductor Components Industries, LLC, being the sole member of SCG International Development LLC (the "Company"), amended the Limited Liability Company Agreement of the Company by a written consent dated August 4, 1999 as follows:

Section 1.4 was amended to add the following immediately before the period at the end of Section 1.4 thereof:

", and, without limiting the foregoing, shall possess and may exercise all of the powers that are exercisable under Section 121 and 122 under the Delaware General Corporation Law by a Delaware corporation."

Section 2.13 was amended to add the following at the end of Section 2.13:

"A Member's interest in the LLC may be evidenced by a certificate of limited liability company interest issued by the LLC."

EXHIBIT 10.15

LEASE

THIS LEASE, (Lease") is made and entered into this 31st day of July, 1999, between MOTOROLA, INC., a Delaware corporation, having an office at 3102 N. 56th Street, Mail drop 56-128, Phoenix, Arizona 85018 (herein called "Motorola") and SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC, a Delaware limited liability company, having an office at 5005 E. McDowell Road, Phoenix, Arizona 85008 (herein called "SCI").

1. PREMISES.

A. For and in consideration of the covenants and agreements on the part of SCI contained herein, and under and subject to the terms and conditions hereof, Motorola hereby leases and demises unto SCI exclusively those certain premises in the buildings (each a "Building"), more particularly described on EXHIBIT A attached hereto and made a part hereof (each a "Premises"), together with the right to use all facilities that are provided by Motorola in common to SCI and the other tenants (if any) of the particular Building, including, but not limited to, (i) existing parking spaces consistent with planned use (provided Motorola has access to such spaces); and (ii) easements for entry onto the respective Premises consistent with past usage and sufficient to conduct the Business (as defined in the Recap Agreement as hereinafter defined).

2. TERM.

The term of this Lease shall commence on July 31, 1999, and end at 11:59 P.M. local time at the respective Premises on the termination date specified on EXHIBIT A for the particular Premises; provided, however, SCI may terminate this Lease as to any or all of the Premises at any time (including during renewal periods, if any) upon six (6) months prior written notice to Motorola. If a termination date is not specified on EXHIBIT A for a particular Premises, this Lease, with respect to such Premises, shall be for an initial one (1) year term and shall automatically renew for additional one (1) year terms unless there is written notice given six (6) months prior to the expiration of the then current term (including the initial one (1) year term) of the intent not to renew by either party. If the termination date for a particular Premises is only expressed by a year, the Lease with respect to the particular Premises shall expire as of December 31st of the particular year. If the termination date for a particular Premises is only expressed by a month and year, the Lease with respect to the particular Premises shall expire as of 31st of the particular month and year.

3. RENT.

A. During the Term hereof, SCI will pay Monthly SCI Rent (as identified on EXHIBIT A) to Motorola at the office of Motorola (or at such other place as Motorola from time to time may notify SCI in writing) in monthly installments in advance in the initial amount specified on Exhibit A and as subsequently adjusted pursuant to the terms hereof. EXHIBIT A shall list the specific per square foot costs for each Building based upon the particular Building's depreciation schedule (including property taxes, insurance, etc.) based upon Motorola's 1999 budget assumptions (collectively, "Fixed Costs"). Monthly SCI Rent shall be allocated on an occupied per square foot basis. As an example, if the particular Building consists of 1,000 square feet of

space, 600 of which are occupied by Motorola and 300 square feet of which are occupied by SCI, SCI will be responsible for 3/10 (300/1000) of Fixed Costs. If Motorola were to reduce its occupancy to 200 square feet, SCI's Fixed Costs would not change. Occupancy will be reviewed on a quarterly basis.

B. Variable costs shall include electricity and other utilities, all building services, (including maintenance, janitorial, plumbing, etc.) and similar costs associated with the particular Building not otherwise included in Monthly SCI Rent (collectively, "Variable Costs"). Variable Costs shall be allocated between SCI and Motorola according to the actual relative occupancy (on a square foot basis) of each party without taking into account unoccupied space and shall be based upon actual costs. As an example, if the particular Building consists of 1,000 square feet of space, 600 square feet of which are occupied by Motorola and 300 square feet of which are occupied by SCI, SCI will be responsible for 1/3 (300/900) of the Variable Costs. If Motorola were to reduce its occupancy to 200 square feet, SCI would be responsible for 3/5 (300/500) of the Variable Costs. Occupancy shall be reviewed on a quarterly basis. SCI shall pay its share of Variable Costs in arrears based upon the prior month's actual Variable Costs in order to allow for proper cost gathering. Costs associated with establishing any new service that will be exclusively used by either Motorola or SCI shall be the sole responsibility of such party.

C. The term "Shared Services" shall include security, cafeteria, health services and related services and any other costs associated with the particular Building not otherwise covered by this Lease that can be allocated based on headcount. Motorola shall charge its costs related to the Shared Services (other than Environmental Shared Services) back to SCI based on SCI's site census projections for the current quarter; these charges will be based on the actual charges from the previous month in order to allow for proper cost gathering, and special custom services, such as cafeteria services or nurse staff services to cover multiple shift schedules not required by Motorola, shall be borne exclusively by SCI. The term "Shared Services" may include environmental, safety or industrial hygiene services where appropriate and in the parties best interest for issues relating to chemical handling, storage and distribution, solid and hazardous waste management, industrial hygiene and safety monitoring and compliance and emergency spill response and reporting, in those situations where it is not otherwise not practicable either due to regulatory constraints or cost (or as otherwise agreed by the parties) to provide for segregation or separation of such services (collectively, "Environmental Shared Services"). Motorola shall charge its costs related to the Environmental Shared Services back to SCI based on actual cost (both direct and indirect), to the extent practicable, if related to solid and hazardous waste management and chemical usage otherwise according to the actual relative occupancy (on a square foot basis) of each party, without taking into account unoccupied space, or on such basis as the parties mutually agree.

D. Costs for services that are not reasonably allocable based on an allocated square foot or headcount basis shall be billed on the basis of an expense and allocation methodology to be reasonably agreed to between the parties.

E. SCI may contract on its own account for services not otherwise covered in Monthly SCI Rent including equipment moves, removal and deinstallation provided SCI obtains Motorola's prior written consent, which consent shall not be unreasonably withheld. Provided Motorola and SCI agree, any such contract may be with Motorola and may be billed at cost.

F. In the event that a particular Premises does not have a separate phone system, SCI shall promptly pay any telephone costs incurred by it (collectively, "Telephone Costs'). Other information technology related costs shall be governed by that certain Transition Services Agreement dated July 31, 1999 between Motorola and SCI. To the extent this Lease covers information technology expenses covered by such Transition Services Agreement this Lease shall be modified to exclude such expenses.

G. Monthly SCI Rent, SCI's share of Variable Costs and Shared Services and Telephone Costs and any other charges or expenses due and owing from SCI to Motorola under this Lease are sometimes hereinafter collectively referred to as "Rent".

F. All Rent payments shall be adjusted with appropriate proration if the Term for a particular Premises hereof should commence on a date other than the first day of a calendar month or end on a date other than the last day of a calendar month. Rent shall be paid to Motorola at the following address: Motorola, Inc., 3102 N. 56th Street, Mail drop 56-107, Phoenix, Arizona 85018, Attn: Van Rowse, Manager Credit Department.

4. USE.

SCI shall have the right to use the respective Premises for the use for which such Premises are currently being used. In addition, SCI may use the Premises for any reasonably related or reasonably similar use thereto provided SCI gives prior written notice to Motorola of such additional use.

5. INGRESS AND EGRESS.

SCI shall have the same access to the respective Premises consistent with past usage and sufficient to conduct the Business (as defined in the ReCap Agreement).

6. CHANGES, ALTERATIONS AND ADDITIONS.

SCI may from time to time make improvements as appropriate for use of the respective Premises necessary to comply with environmental, health or safety law and such costs shall be paid for by Motorola, except if such improvement was made necessary because of SCI's use of the particular Premises in which case the cost will be borne proportionately between SCI and Motorola based upon such parties use/need of the improvement.

7. PROVISION OF SERVICES.

Motorola shall be responsible for providing the services that are included in Variable Costs.

8. EQUIPMENT; CONDITION OF PREMISES AT END OF TERM.

A. SCI shall be responsible for removing all equipment (owned or leased by SCI) from the respective Premises (excluding the Premises identified as "CDMC" on Exhibit A; the "CDMC Premises") at its costs upon the expiration or earlier termination of this Lease, and will

otherwise surrender the respective Premises broom clean, in good order and condition, ordinary wear and damages which SCI is not required to repair under the terms of this Lease excepted.

B. Motorola shall reimburse one half of all of SCI's expenses incurred in connection with the transition of the CDMC operations to Com 1 up to a cap of Twelve Million Five Hundred Thousand and 00/100 Dollars ($12,500,000.00). Such transition costs shall include, without limitation, all costs related to deinstalling, packing and shipping the SCI equipment located at CDMC, all costs incurred in cleaning up the CDMC, all costs related to the installation of such equipment at the Com 1 facility, and all operating costs of Com 1 pending the completion of the facilitization of Com 1. Prior to the move, SCI shall review its budget for the CDMC move with Motorola. In the event SCI has not removed all of its equipment from the CDMC by January 1, 2001, SCI shall pay to Motorola monthly liquidated damages of $1,000,000 per month for each of the first three months after January 1, 2001 and $2,000,000 per month for each month thereafter. Such liquidated damages shall be pro-rated on a daily basis.

9. INSPECTION.

SCI will allow Motorola access to the respective Premises at reasonable times during normal working hours (upon reasonable advance notice), for the purpose of examining, exhibiting or making alterations and/or repairs reasonably deemed to be necessary by Motorola to the same or making repairs Motorola is required to make.

10. DAMAGE, DESTRUCTION OR TAKING OF A PREMISES.

If less than twenty percent (20%) of a Premises is damaged or taken, then Motorola shall be obligated to restore the applicable Premises to the extent possible and commit any insurance proceeds thereto and the Lease shall continue in full force and effect (except that Rent shall, until repair of the damaged portions is substantially completed, be apportioned according to the portion of the applicable Premises which remains usable). If more than twenty percent (20%) is damaged or taken then either party may terminate this Lease upon five (5) business days' notice to the other party.

11. DISPUTES.

Disputes will be resolved in accordance with Article 4.3 of that certain Reorganization Agreement dated as of May 11, 1999 by and between SCI, SCG Holding Corporation, a Delaware corporation and Motorola.

12. INSURANCE.

A. SCI, at its expense, shall maintain commercial general liability insurance with a combined single liability limit of not less than One Million and No/100 Dollars ($1,000,000.00) per occurrence upon or in connection with the use of the respective Premises resulting in injury or death, in standard form policies, with an insurance company or companies authorized to do business in the State wherein the particular Premises are located. The parties may adjust said limits from time to time to be consistent with industry standards in light of the particular Premises and the permitted use.

B. The parties release each other, and their respective authorized representatives, from any claims for death and/or injury to any person or damage to the respective Premises and the Buildings and other improvements in which such Premises are located, and to the fixtures, personal property, SCI's improvements and alterations of either Motorola or SCI in or on the respective Premises and the Buildings and other improvements in which such Premises are located that are caused by or result from risks insured against under any insurance policies carried by the parties and in force at the time of any such damage.

C. Each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any such covered damage. Neither party shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by this Lease.

13. ASSIGNMENT OR SUBLETTING.

This Lease shall be binding upon, inure to the benefit of, and be enforceable by or against the parties hereto and their respective successors and assigns; provided, however, neither party hereto may assign this Lease without the prior written consent of the other (which consent shall not be unreasonably withheld) except to a party that acquires all or substantially all of the assets of the assigning party or for the account of the lenders providing bank financing, solely and specifically for the purpose of securing such bank financing as contemplated by the ReCap Agreement (as hereinafter defined); provided that in the event any of the companies identified on EXHIBIT B acquires substantially all of the assets or voting stock of SCI, Motorola shall have the right to terminate this Lease upon six (6) months' prior written notice.

14. PROPERTY MANAGEMENT.

The respective Premises are to be managed by a professional management company of recognized standing selected by Motorola and reasonably acceptable to SCI, with experience in management of similar properties consistent with criteria to be mutually agreed between the parties.

15. SUBORDINATION.

This Lease shall be subject and subordinated at all times to the liens of any current or future mortgages or deeds of trust on the fee interest in any of the Premises or other security instrument in any amount or amounts whatsoever now existing or hereafter encumbering the respective Premises, provided SCI receives a commercially reasonable non-disturbance agreement from the related mortgagee/trustee.

16. ENVIRONMENTAL.

A. Allocation of responsibility for environmental liabilities pre-dating the date of this Lease shall be covered by that certain Agreement and Plan of Recapitalization and Merger dated as of May 11, 1999 by and between Motorola, SCI, SCG Holding, LLC, TPG Semiconductor Holdings Corp. and TPG Semiconductor Acquisition Corp. (the "ReCap Agreement").

Capitalized Terms not otherwise defined in this Paragraph shall have the meanings set forth in the ReCap Agreement.

B. SCI acknowledges that it is responsible for complying and agrees that it will comply in all material respects, with applicable environmental laws, including those relating to worker health and safety, the Release of Hazardous Substances, and the management, storage, treatment, recycling or disposal of any waste generated as a result of its operations in any of the Premises. SCI acknowledges that it is the owner and generator of waste generated from its activities on the respective Premises and the particular Building.

C. SCI agrees to indemnify and save harmless Motorola from and against any and all claims/liabilities relating to SCI's use or occupancy of any of the Premises involving the Release of Hazardous Substances, or non-compliance with environmental laws in effect on or after the date of this Agreement, unless such claim or liability is subject to the provisions of Article XI of the ReCap Agreement in which case the ReCap Agreement shall apply. Motorola agrees to indemnify SCI for claims/liabilities relating to Motorola's use or occupancy of any of the Premises involving the Release of Hazardous Substances, or the non-compliance with environmental laws in effect on or after the date of this Agreement, unless such claim or liability is subject to the provisions of Article XI of the ReCap Agreement in which case the ReCap Agreement shall apply.

D. SCI and Motorola agree to develop mutually agreeable solutions to address permit and pollution control/abatement issues presented by any joint occupancy of operations including where the potential for commingling of chemicals, or cogeneration of air emissions and hazardous substances may be present. Consistent with this provision, the parties agree as follows with respect to those Premises located in Mesa, Arizona:

i. RELEASES OF HAZARDOUS SUBSTANCES BY SCI. SCI agrees to report immediately to Motorola any Release of Hazardous Substances on or about the Premises in connection with or related to SCI's operations provided that SCI shall not be required to report any Release that (a) is not reportable to any Governmental Authority pursuant to applicable environmental law, (b) is contained within the Premises and promptly and completely removed from any floor or ground surface or (c) would not be reasonably expected to cause an adverse and material impact or undue interference with the operations of Motorola at the Premises. SCI agrees that containment and cleanup of any such Release of Hazardous Substances by SCI shall be SCI's sole responsibility and at their expense and shall be performed to the satisfaction of all Governmental Authorities having jurisdiction and to the reasonable satisfaction of Motorola.

ii. RELEASES OF HAZARDOUS SUBSTANCES BY MOTOROLA. Motorola agrees to report immediately to SCI any Release of Hazardous Substances on or about the Premises in connection with or related to Motorola's operations provided that Motorola shall not be required to report any Release that (a) is not reportable to any Governmental Authority pursuant to applicable environmental law (b) is contained within the Premises under Motorola's

immediate control and are promptly and completely removed from any floor or ground surface or (c) would not be reasonably expected to cause an adverse or material impact or undue interference with operations of SCI on the property. Motorola agrees that containment and cleanup of any such spill or Release of Hazardous Substances by Motorola shall be Motorola's sole responsibility and at their expense and shall be performed to the satisfaction of all Governmental Authorities having jurisdiction and to the reasonable satisfaction of SCI.

iii. RECORDS. In connection with SCI's operations at the Premises, SCI shall keep, and shall require its respective contractors to keep, records and other documentation ("Records") consistent with requirements under applicable environmental laws. SCI agrees to permit at all reasonable times duly authorized representatives of Motorola to inspect and have access to those portions of such Records, as are reasonably necessary for Motorola to comply with applicable environmental law or to defend claims or respond to Government Authorities. In connection with Motorola's operations, Motorola shall keep, and shall require its respective contractors to keep, Records consistent with requirements under applicable environmental laws. Motorola agrees to permit, at all reasonable times, duly authorized representatives of SCI to inspect and have access to those portions of such Records as are reasonably necessary and relevant SCI to comply with applicable environmental law or to defend claims or respond to Government Authorities. Each of SCI and Motorola shall be obligated under this paragraph only to the extent that it has actual knowledge that such Records are or will be required. Motorola agrees to permit, at all reasonable times, duly authorized representatives of SCI to inspect and have access to Records which they deem reasonably necessary for purposes of auditing and verifying compliance with applicable environmental law and relevant provisions of the Lease.

iv. MANAGEMENT OF WASTE FROM SCI'S OPERATIONS. Motorola agrees to manage SCI's hazardous, special or solid waste generated on the Premises to the extent that such waste is substantially the same in character as and does not increase significantly in volume from the waste generated prior to commencement of the Lease. Such management shall include co-mingling of solvent waste and the disposal of such waste under Motorola's EPA Hazardous Waste ID Number, to the extent permissible under applicable law. If such management is not permissible, Motorola will reasonably cooperate with SCI to obtain all necessary permits or approvals and make any necessary modifications to the Premises, in each case at SCI's cost. SCI shall notify Motorola promptly of any change in classifications or management requirements with respect to its waste under applicable environmental law, to the extent SCI has actual knowledge of any such changes, or any other change with respect to the waste that would affect the obligations of Motorola under this Lease or applicable environmental law (including, without limitation, written health and safety

requirements). To the extent that SCI is managing such activities, SCI shall comply with applicable environmental laws regarding waste stored in containers, including without limitation requirements regarding the condition and type of container, labeling, and waste characterization, and agrees to work with Motorola to reach a mutually agreed upon system for coordinating hazardous waste activities.

v. WASTEWATER FROM SCI'S OPERATIONS: Motorola agrees that SCI may continue to discharge wastewater from its operations at the Premises to the Motorola wastewater treatment plant. The treated wastewater will be subject to, and discharged pursuant to, Motorola's wastewater discharge permit, to the extent permissible by law. If such discharge or use of Motorola's permit is not permissible, Motorola will reasonably cooperate with SCI to obtain all necessary permits or approvals and to make any necessary modifications to the Premises, in each case at SCI's cost. SCI agrees to provide in a timely manner to Motorola information concerning wastewater concentrations and volume information and such other information that Motorola may reasonably request or that may be necessary for Motorola to comply with applicable environmental law or that may be necessary for allocation of costs. SCI shall inform Motorola prior to making any changes that may affect its wastewater or level of usage or in any way affect the ability of Motorola to meet its permit requirements or otherwise comply with applicable environmental law. If the change proposed by SCI is incompatible with requirements pertaining to the discharge of such wastewater, Motorola shall not make such changes until proper authorization has been obtained. Any fees or other costs related to such authorization shall be charged to SCI.

vi. AIR EMISSIONS FROM SCI'S OPERATIONS. Motorola agrees that SCI may continue to emit its air emissions from its operations at the Premises in the same manner as before commencement of the Lease. Such air emissions may be subject to, and emitted pursuant to, Motorola's air permits, to the extent permissible by law. If such emissions or use of Motorola's air permits is not permissible, Motorola will reasonably cooperate with SCI to obtain the necessary permits or approvals and to make any necessary modifications to the Premises, in each case at Motorola's cost. Motorola agrees to provide in a timely manner to Motorola information concerning air emissions as Motorola may reasonably request or that may be necessary for Motorola to comply with applicable environmental law or that may be necessary for allocation of costs. SCI shall inform Motorola prior to making any changes that may affect Motorola's air emissions or in any way affect the ability of Motorola to meet its permit requirements. If the change proposed by SCI is incompatible with requirements pertaining to the air emissions, SCI shall not make changes until proper authorization has been obtained. Any fees or other costs related to such authorization shall be charged to SCI.

vii. SAFETY. The safety of SCI's employees, contractors, suppliers, agents, or invitees of SCI shall be the full responsibility of SCI. The safety of Motorola's employees, contractors, suppliers, agents, or invitees of Motorola shall be the full responsibility of Motorola. Motorola agrees that SCI employees may, at SCI's option and cost and subject to availability, receive training at Motorola University.

17. NOTICES.

All notices, approvals or requests in connection with this Lease shall be sent by certified mail, return receipt requested, via facsimile or hand delivery, provided, however, that no notice other than by certified mail shall constitute a notice of default authorizing cancellation of this Lease. All notices shall be effective when received. Notices shall be addressed as follows:

If to Motorola:
Motorola, Inc.
Semiconductor Products Sector
3102 N. 56th Street, Mail drop 56-128
Phoenix, Arizona 85018
Facsimile Number: (602) 952-3563
Attn: Mark Poulsen

With a copy to:
Motorola, Inc.
Law Department
1303 E. Algonquin Road
Schaumburg, IL 60196
Facsimile No.: (847) 576-3628
Attn: General Counsel

If to SCI:
Semiconductor Components Industries, LLC
5005 E. McDowell Road
Phoenix, Arizona 85008
Facsimile Number: (602) 244-4830
Attn: Dario Sacomani

With copies to:
David Stanton
Texas Pacific Group
345 California Street
Suite 3300
San Francisco, California 94104
Facsimile Number: (415) 743-1501

and

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attention: Paul J. Shim, Esq.
Fax: (212) 225-3999

18. WAIVER.

Failure or delay on the part of Motorola or SCI to exercise any right, remedy, power or privilege hereunder shall not operate as a waiver thereof. A waiver, to be effective, must be in writing and must be signed by the party making the waiver. A written waiver of a default shall not operate as a waiver of any other default or of the same type of default on a future occasion.

19. AMENDMENTS.

No revision of this Lease shall be valid unless made in writing and signed by duly authorized representatives of both parties.

20. CONSTRUCTION OF LANGUAGE.

Words of any gender used in this Lease shall be held to include any other gender, and words in the singular shall be held to include the plural and the plural to include the singular, when the sense requires. The paragraph headings and titles are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

21. RULES AND REGULATIONS.

SCI and Motorola agree from time to time to review the rules and regulations of Motorola related to safety, care and cleanliness of the respective Buildings and the preservation of good order therein and the comfort, quiet enjoyment and convenience of other occupants of the Buildings that are required to be followed within Motorola facilities of a similar size and nature with operations similar to those conducted by SCI. SCI and Motorola shall designate those rules and regulations that both parties reasonably agree are appropriate and such rules and regulations shall be deemed to be terms and conditions of this Lease.

22. COVENANT OF QUIET ENJOYMENT.

Motorola covenants that if and so long as SCI pays the Rent and all other charges provided for herein, and performs all of its obligations provided for herein, SCI shall at all times during the term hereof peaceably, have hold and enjoy the Premises, without any interruption or disturbance from Motorola, or any one claiming through or under Motorola, subject to the terms hereof.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed these presents, in duplicate, the day and year first above-written.

MOTOROLA:

MOTOROLA, INC. a Delaware corporation

By: /s/ Carl F. Koenemann

SCI:

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC, a Delaware limited liability company

By: /s/ Theodore W. Schaffner

EXHIBIT A

MONTHLY SCI RENT

TITLE	DEPT	TITLE	SPACE TYPE	CURRENT SQ FT	FIXED PROP TAX	FIXED INSURANCE	FIXED BLDG DEPR
Mesa	RB211	CDMC	Class 10	14,975	$17,346.04	$2,995.00	$43,177.92
Mesa	RB211	CDMC	Test/Lab	2,305	$1,863.21	$480.21	$4,743.96
Mesa	RB211	CDMC	Storage	6,472	$3,074.20	$1,294.40	$8,090.00
Mesa	RB211	CDMC	Office	11,553	$1,829.23	$2,310.60	$4,813.75
Mesa	RS565	Technology Module Development	Office	1,450	$229.58	$290.00	$604.17
Chandler	SP544	Package Design & Development	Office	1,998	$999.00	$399.60	$1,282.05
Chandler	SP544	Package Design & Development	Test/Lab	4,569	$2,284.50	$913.80	$2,931.78
56th St	RB811	SCG Global Sales-Ken Elzey	Office	5,911	$1,748.67	$1,182.20	$3,014.61
56th St	RF882	SCG Global Sales-Sue Powers	Office	15,776	$4,667.07	$3,155.20	$8,045.76
Tempe	RB400	MKTG OPS Market Development	Office	1,000	$333.33	$204.17	$695.83
Tempe	RB416	Design Systems Technology	Office	1,040	$346.67	$212.33	$723.67
Tempe	RB569	NPD Programmable Arrays	Office	2,622	$874.00	$535.33	$1,824.48
Tempe	RB582	MKTG OPS Applications E	Office	2,438	$812.67	$497.76	$1,696.44
Tempe	RB585	Analog new Prod Dev-Tem	Lab	1,760	$924.00	$359.33	$1,943.33
Tempe	RB585	Analog new Prod Dev-Tem	Office	7,472	$2,490.67	$1,525.53	$5,199.27
Tempe	RB709	SCG Information Gateway	Office	123	$41.00	$25.11	$85..59
Tempe	RM442	SCG R&QA Engineering	Office	100	$33.33	$20.42	$69.58
Tempe	RM537	Log, Anal & Optical New	Lab	3,377	$1,772.93	$689.47	$3,728.77
Tempe	RM537	Lob, Anal & Optical New	Office	2,943	$961.00	$600.86	$2,047.84
Tempe	RM661	Analog Product Engr.	Lab	2,415	$1,267.68	$493.06	$2,666.56
Tempe	RM661	Analog Product Engr	Office	5,382	$1,794.00	$1,098.83	$3,744.98
Tempe	SP554	Package Design & Development	Lab	2,382	$1,250.55	$486.33	$2,630.13
BCG RENT FOR SPACE AT SPS USA SITES				98,063	$45,963.51	$19,769.53	$103,760.45

PLUS DI WATER CHARGES - BASED ON ACTUAL USAGE, NOT SQUARE FOOTAGE

MESA RB211 CDMC

TITLE	DEPT	TITLE	*VARIABLE ESTIMATES* ELECTRIC	*VARIABLE ESTIMATES* BLDG SVCS	TOTAL RENT DUE	MONTHLY COST PER SF	ANNUAL COST PER SF
Mesa	RB211	CDMC	$36,189.58	$43,926.67	$143,635.21	$9.59	$115.10
Mesa	RB211	CDMC	$4,014.54	$4,974.96	$16,076.88	$6.97	$83.70
Mesa	RB211	CDMC	$6,795.60	$12,404.67	$31,658.87	$4.89	$58.70
Mesa	RB211	CDMC	$4,043.55	$20,025.20	$33,022.33	$2.86	$34.30
Mesa	RS565	Technology Module Development	$507.50	$2,513.33	$4,144.58	$2.86	$34.30
Chandler	SP544	Package Design & Development	$1,698.30	$5,569.43	$9,948.38	$4.98	$59.75
Chandler	SP544	Package Design & Development	$3,883.65	$12,736.09	$22,749.81	$4.98	$59.75
56th St	RB811	SCG Global Sales-Ken Elzey	$1,674.78	$5,842.04	$13,462.30	$2.28	$27.33
56th St	RF882	SCG Global Sales-Sue Powers	$4,469.87	$15,591.95	$35,929.84	$2.28	$27.33
Tempe	RB400	MKTG OPS Market Development	$308.33	$637.50	$2,179.17	$2.18	$26.15
Tempe	RB416	Design Systems Technology	$320.67	$663.00	$2,266.33	$2.18	$26.15
Tempe	RB569	NPD Programmable Arrays	$808.45	$1,671.53	$5,713.78	$2.18	$26.15
Tempe	RB582	MKTG OPS Applications E	$741.72	$1,554.23	$5,312.81	$2.18	$26.15
Tempe	RB585	Analog new Prod Dev-Tem	$858.00	$1,320.00	$5,404.67	$3.07	$36.85
Tempe	RB585	Analog new Prod Dev-Tem	$2,303.87	$4,763.40	$16,282.73	$2.18	$26.15
Tempe	RB709	SCG Information Gateway	$37.93	$78.41	$268.04	$2.18	$26.15
Tempe	RM442	SCG R&QA Engineering	$30.83	$63.75	$217.92	$2.18	$26.15

Tempe	RM537	Log, Anal & Optical New	$1,646.29	$2,532.75	$10,370.20	$3.07	$36.85
Tempe	RM537	Lob, Anal & Optical New	$907.43	$1,876.16	$6,413.29	$2.18	$26.15
Tempe	RM661	Analog Product Engr.	$1,177.31	$1,811.25	$7,416.06	$3.07	$36.85
Tempe	RM661	Analog Product Engr	$1,659.45	$3,431.03	$11,728.28	$2.18	$26.15
Tempe	SP554	Package Design & Development	$1,161.23	$1,786.50	$7,314.73	$3.07	$36.85
BCG RENT FOR SPACE AT SPS USA SITES			$75,248.87	$145,773.82	$391,516.19	$3.99	$47.91
PLUS DI WATER CHARGES - BASED ON ACTUAL USAGE, NOT SQUARE FOOTAGE			ESTIMATE PER MONTH		$18,066.67	BASED ON 3 MONTHS OF 1999 ACTUALS	
TOTAL PAYMENT DUE TO SPS FOR OWNED SITES *VARIABLE COSTS ARE ESTIMATED*					$409,582.85		

EXHIBIT B

SUBLESSEES OR ASSIGNEES TRIGGERING MOTOROLA'S TERMINATION RIGHT

AMD
Chartered Semiconductor
Fujitsu
Hitachi
Hyundai/LG Semiconductor
IBM
Intel
LSI Logic
Lucent
National
NEC
Phillips
Samsung
Siemens
ST Microelectronics
Texas Instruments
Toshiba
TSMC
UMC
VLSI Technologies Inc.

EXHIBIT 10.16

LEASE

THIS LEASE, ("Lease") is made and entered into this 31st day of July, 1999, between SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC, a Delaware limited liability company, having an office at 5005 E. McDowell Road, Phoenix, Arizona 85008 (herein called "SCI") and MOTOROLA, INC., a Delaware corporation, having an office at 3102 N. 56th Street, Mail drop 56-128, Phoenix, Arizona 85018 (herein called "Motorola").

1. PREMISES.

For and in consideration of the covenants and agreements on the part of Motorola contained herein, and under and subject to the terms and conditions hereof, SCI hereby leases and demises unto Motorola exclusively those certain premises in multiple buildings located at 52nd Street, Phoenix, Arizona (each a "Building"), containing the square feet of space on the floor of said Building more particularly described in Exhibit A attached hereto and made a part hereof (each of such spaces herein referred to as a "Premises"), together with the right to use all facilities that are provided by SCI in common to Motorola and the other tenants (if any) of each Building, including, but not limited to, (i) existing parking spaces consistent with planned use (provided SCI has access to such spaces); and (ii) easements for entry onto each of the Premises consistent with past usage and sufficient to conduct its Business as currently contemplated.

2. TERM.

The term of this Lease shall commence at 11:59 PM on July 31, 1999, and end at 11:59 P.M. Arizona Time on the relocation date specified on Exhibit A for the particular Premises; provided, however, Motorola may terminate this Lease as to any or all of the Premises at any time (including during renewal periods, if any) upon six (6) months prior written notice to SCI. If a relocation date is not specified on Exhibit A for a particular Premises this Lease, with respect to such Premises, shall be for an initial one (1) year term and shall automatically renew for additional one (1) year terms unless there is written notice given six (6) months prior to the expiration of the then current term (including the initial one (1) year term) of the intent not to renew by either party. If the relocation date for a particular Premises is only expressed by a year, the Lease with respect to the particular Premises shall expire as of December 31st of the particular year. If the relocation date for a particular Premises is only expressed by a month and year, the Lease with respect to the particular Premises shall expire as of 31st of the particular month and year.

3. RENT.

A. During the Term hereof, Motorola will pay Monthly Motorola Rent (as identified on Exhibit A) to SCI at the office of SCI (or at such other place as SCI from time to time may notify Motorola in writing) in monthly installments in advance in the initial amount specified on Exhibit A and as subsequently adjusted pursuant to the terms hereof. Exhibit A shall list the specific per square foot costs for the particular Building based upon the relevant Building depreciation schedule (including property taxes, insurance, etc.) based upon the 1999 budget assumptions (collectively, "Fixed Costs"). Monthly Motorola Rent shall be allocated on an occupied per square foot basis. As an example, if the Building consists of 1,000 square feet of

space, 600 of which are occupied by SCI and 300 square feet of which are occupied by Motorola, Motorola will be responsible for 310 (300/1000) of Fixed Costs. If SCI were to reduce its occupancy to 200 square feet, Motorola's Fixed Costs would not change. Occupancy will be reviewed on a quarterly basis.

B. Variable costs shall include electricity and other utilities, all building services, (including maintenance, janitorial, plumbing, etc.) and similar costs associated with the particular Building not otherwise included in Monthly Motorola Rent (collectively, "Variable Costs"). Variable Costs shall be allocated between SCI and Motorola according to the actual relative occupancy (on a square foot basis) of each party without taking into account unoccupied space and shall be based upon actual costs. As an example if the Building consists of 1,000 square feet of space, 600 square feet of which are occupied by SCI and 300 square feet of which are occupied by Motorola, Motorola will be responsible for 1/3 (300/900) of the Variable Costs. If SCI were to reduce its occupancy to 200 square feet, Motorola would be responsible for 3/5 (300/500) of the Variable Costs. Occupancy shall be reviewed on a quarterly basis. Motorola shall pay its share of Variable Costs in arrears based upon the prior month's actual Variable Costs in order to allow for proper cost gathering. Costs associated with establishing any new service that will be exclusively used by either SCI or Motorola shall be the sole responsibility of such party.

C. The term "Shared Services" shall include security, cafeteria, health services and related services and any other costs associated with the Building not otherwise covered by this Lease that can be allocated based on headcount. SCI shall charge its costs related to the Shared Services (other than Environmental Shared Services) back to Motorola based on Motorola's site census projections for the current quarter; these charges will be based on the actual charges from the previous month in order to allow for proper cost gathering, and special custom services, such as cafeteria services or nurse staff services to cover multiple shift schedules not required by SCI, shall be borne exclusively by Motorola. The term "Shared Services" may include environmental, safety or industrial hygiene services where appropriate and in the parties best interest for issues relating to chemical handling, storage and distribution, solid and hazardous waste management, industrial hygiene and safety monitoring and compliance and emergency spill response and reporting, in those situations where it is not otherwise not practicable either due to regulatory constraints or cost (or as otherwise agreed by the parties) to provide for segregation or separation of such services (collectively, "Environmental Shared Services"). SCI shall charge its costs related to the Environmental Shared Services back to Motorola based on actual cost (both direct and indirect), to the extent practicable, if related to solid and hazardous waste management and chemical usage otherwise according to the actual relative occupancy (on a square foot basis) of each party, without taking into account unoccupied space, or on such basis as the parties mutually agree.

D. Costs for services that are not reasonably allocable based on an allocated square foot or headcount basis shall be billed on the basis of an expense and allocation methodology to be reasonably agreed to between the parties.

E. Motorola may contract on its own account for services not otherwise covered in Monthly Motorola Rent including equipment moves, removal and deinstallation provided

Motorola obtains SCI's prior written consent, which consent shall not be unreasonably withheld. Provided Motorola and SCI agree, any such contract may be with SCI and may be billed at cost.

F. In the event that the Premises do not have a separate phone system, Motorola shall promptly pay any telephone costs incurred by it (collectively, "Telephone Costs"). Other information technology related costs shall be governed by that certain Transition Services Agreement dated July 31, 1999 between SCI and Motorola. To the extent this Lease covers information technology expenses covered by such Transition Services Agreement this Lease shall be modified to exclude such expenses.

G. Monthly Motorola Rent, Motorola's share of Variable Costs and Shared Services and Telephone Costs and any other charges or expenses due and owing from Motorola to SCI under this Lease are sometimes hereinafter collectively referred to as "Rent".

H. All Rent payments shall be adjusted with appropriate proration if the Term hereof should commence on a date other than the first day of a calendar month or end on a date other than the last day of a calendar month. Rent shall be paid to SCI at the following address: 5005 E. McDowell Road, Phoenix, Arizona 85008, Attn: _____.

4. USE.

Motorola shall have the right to use each of the Premises for the use for which such Premises are currently being used. In addition, Motorola may use the respective Premises for any reasonably related or reasonably similar use thereto provided Motorola gives prior written notice to SCI of such additional use.

5. INGRESS AND EGRESS.

Motorola shall have the same access to each of the Premises consistent with past usage and sufficient to conduct its business as currently contemplated.

6. CHANGES, ALTERATIONS AND ADDITIONS.

Motorola may from time to time make improvements as appropriate for use of the Premises necessary to comply with environmental, health or safety law and such costs shall be paid for by SCI, except if such improvement was made necessary because of Motorola's use of the Premises in which case the cost will be borne proportionately between SCI and Motorola based upon such parties use/need of the improvement. In addition, Motorola, at its sole cost and expense, may make improvements as appropriate for use of the Premises.

7. PROVISION OF SERVICES.

SCI shall be responsible for providing the services that are included in Variable Costs.

8. EQUIPMENT; CONDITION OF PREMISES AT END OF TERM.

Except for SCI owned equipment used at any of the Premises which will be governed by that certain Equipment Lease and Repurchase Agreement dated as of July 31, 1999 between

Motorola and SCI, Motorola shall be responsible for removing all equipment (owned or leased by Motorola) from the Premises at its costs upon the expiration or earlier termination of this Lease, and will otherwise surrender the Premises broom clean, in good order and condition, ordinary wear and damages which Motorola is not required to repair under the terms of this Lease excepted.

9. INSPECTION.

Motorola will allow SCI access to the respective Premises at reasonable times during normal working hours (upon reasonable advance notice), for the purpose of examining, exhibiting or making alterations and/or repairs reasonably deemed to be necessary by SCI to the same or making repairs is required to make.

10. DAMAGE, DESTRUCTION OR TAKING OF PREMISES.

If less than twenty percent (20%) of a Premises is damaged or taken, then SCI shall be obligated to restore the applicable Premises to the extent possible and commit any insurance proceeds thereto and the Lease shall continue in full force and effect (except that Rent shall, until repair of the damaged portions is substantially completed, be apportioned according to the portion of the applicable Premises which remains usable). If more than twenty percent (20%) is damaged or taken then either party may terminate this Lease upon five (5) business days' notice to the other party.

11. DISPUTES.

Disputes will be resolved in accordance with Article 4.3 of that certain Reorganization Agreement dated as of May 11, 1999 by and between Motorola, SCG Holding Corporation, a Delaware corporation and SCI.

12. INSURANCE.

A. Motorola, at its expense, shall maintain commercial general liability insurance with a combined single liability limit of not less than One Million and No/100 Dollars ($1,000,000.00) per occurrence upon or in connection with the use of the respective Premises resulting in injury or death, in standard form policies, with an insurance company or companies authorized to do business in the State wherein the Premises are located. The parties may adjust said limits from time to time to be consistent with industry standards in light of the Premises and the permitted use.

B. The parties release each other, and their respective authorized representatives, from any claims for death and/or injury to any person or damage to the respective Premises and the Buildings and other improvements in which the respective Premises are located, and to the fixtures, personal property, Motorola's improvements and alterations of either Motorola or SCI in or on the Premises and the Buildings and other improvements in which the respective Premises are located that are caused by or result from risks insured against under any insurance policies carried by the parties and in force at the time of any such damage.

C. Each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any such covered damage. Neither party shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by this Lease.

13. ASSIGNMENT OR SUBLETTING.

This Lease shall be binding upon, inure to the benefit of, and be enforceable by or against the parties hereto and their respective successors and assigns; provided, however, neither party hereto may assign this Lease without the prior written consent of the other (which consent shall not be unreasonably withheld) except to a party that acquires all or substantially all of the assets of the assigning party or for the account of the lenders providing bank financing, solely and specifically for the purpose of securing such bank financing as contemplated by the ReCap Agreement (as hereinafter defined); provided that in the event any of the companies identified on Exhibit B acquires substantially all of the assets or voting stock of Motorola, SCI shall have the right to terminate this Lease upon six (6) months' prior written notice.

14. PROPERTY MANAGEMENT.

The Premises are to be managed by a professional management company of recognized standing selected by SCI and reasonably acceptable to Motorola, with experience in management of similar properties consistent with criteria to be mutually agreed between the parties.

15. SUBORDINATION.

This Lease shall be subject and subordinated at all times to the liens of any current or future mortgages or deeds of trust on the fee interest in any of the respective Premises or other security instrument in any amount or amounts whatsoever now existing or hereafter encumbering the respective Premises, provided Motorola receives a commercially reasonable non-disturbance agreement from the related mortgagee/trustee.

16. ENVIRONMENTAL.

The parties agree that with the exception of those matters covered by Section 3C of this Lease pertaining to "Environmental Shared Services" costs, environmental matters pertaining to the 52nd Street Facility shall be governed exclusively by the Environmental Indemnification Agreement dated July 31, 1999 between SCI and Motorola unless otherwise mutually agreed to in writing by the parties. That agreement is attached hereto and incorporated herein as Exhibit C.

17. NOTICES.

All notices, approvals or requests in connection with this Lease shall be sent by certified mail, return receipt requested, via facsimile or hand delivery, provided, however, that no notice other than by certified mail shall constitute a notice of default authorizing cancellation of this Lease. All notices shall be effective when received. Notices shall be addressed as follows:

If to Motorola: Motorola, Inc.
Semiconductor Products Sector
3102 N. 56th Street, Mail drop 56-128
Phoenix, Azizona 85018
Facsimile Number: (602) 952-3563
Attn: Mark Poulsen

With a copy to: Motorola, Inc.
Law Department
1303 E. Algonquin Road
Schaumburg, Illinois 60196
Facsimile Number: (847) 576-3628
Attn: General Counsel

If to SCILLC: Semiconductor Components Industries, LLC
5005 E. McDowell Road
Phoenix, Arizona 85008
Facsimile Number: (602) 244-4830
Attn: Dario Sacomani

With copies to: David Stanton
Texas Pacific Group
345 California Street
Suite 3300
San Francisco, California 94104
Facsimile Number: (415) 743-1501

and Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attention: Paul J. Shim, Esq.
Facsimile Number: (212) 225-3999

18. WAIVER.

Failure or delay on the part of Motorola or SCI to exercise any right, remedy, power or privilege hereunder shall not operate as a waiver thereof. A waiver, to be effective, must be in writing and must be signed by the party making the waiver. A written waiver of a default shall not operate as a waiver of any other default or of the same type of default on a future occasion.

19. AMENDMENTS.

No revision of this Lease shall be valid unless made in writing and signed by duly authorized representatives of both parties.

20. CONSTRUCTION OF LANGUAGE.

Words of any gender used in this Lease shall be held to include any other gender, and words in the singular shall be held to include the plural and the plural to include the singular, when the sense requires. The paragraph headings and titles are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

21. RULES AND REGULATIONS.

SCI and Motorola agree from time to time to review the rules and regulations of SCI related to safety, care and cleanliness of the Buildings and the preservation of good order therein and the comfort, quiet enjoyment and convenience of other occupants of the Buildings that are required to be followed within SCI facilities of a similar size and nature with operations similar to those conducted by Motorola. Motorola and SCI shall designate those rules and regulations that both parties reasonably agree are appropriate and such rules and regulations shall be deemed to be terms and conditions of this Lease.

22. COVENANT OF QUIET ENJOYMENT.

SCI covenants that if and so long as Motorola pays the Rent and all other charges provided for herein, and performs all of its obligations provided for herein, Motorola shall at all times during the term hereof peaceably, have hold and enjoy the Premises, without any interruption or disturbance from SCI, or any one claiming through or under SCI, subject to the terms hereof.

23. RECORDING.

Only a memorandum of this Lease may be recorded by either party and such memorandum shall not refer to the provisions of Paragraph 16 hereof or to Exhibit C attached hereto.

* * * * * * * * * * * *

IN WITNESS WHEREOF, the parties hereto have executed these presents, in duplicate, the day and year first above-written.

MOTOROLA:

MOTOROLA, INC., a Delaware corporation

By: /s/Carl F. Koenemann

SCI:

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC,
a Delaware limited liability company

By: /s/ Theodore W. Schaffner

EXHIBIT A

Premises

SPACE SPS OCCUPIES AT 52ND STREET - QUARTERLY

				Current	Fixed		
Site	Dept	Title	Space Type	Current SQFT	Property Tax G37	Insurance G37	Building Depr G44
52nd St	RB104	PHX. GROUNDWAT	Office	N/A	N/A	N/A	N/A
52nd St	-	IGWTP TOWER	Office	N/A	N/A	N/A	N/A
52nd St	RB177	W REGION-DESKT	Office	829	176	168	224
52nd St	RB179	RF MATERIAL ENG	Office	611	130	124	165
52nd St	RB192	W REGION-INFRAS	Office	12,115	2,571	2,450	3,271
52nd St	RB196	52ND ST REC.FAX	Office	12,357	2,622	2,499	3,336
52nd St	RB391	WISD Q/A	Office	913	194	185	247
52nd St	RB409	SMOKE DETECTRO	Office	317	67	64	86
52nd St	RB413	MESA RELIABILITY	Office	121	26	24	33
52nd St	RB414	WISD Q/A ENGR	Office	4,709	999	952	1,271
52nd St	RB417	SPD STRATEGIC M	Office	467	99	94	126
52nd St	RB423	SPD & MPS R&QA	Office	700	149	142	189
52nd St	RB428	WISD TECH MGMT	Office	6,535	1,387	1,322	1,764
52nd St	RB430	ACCELEROMETER	Office	2,013	427	407	544
52nd St	RB503	SPD STRATEGIC T	Office	157	33	32	42
52nd St	RB504	PROJECT MGNT R	Office	0	0	0	0
52nd St	RB536	CMOS ACCELERO	Office	315	67	64	85
52nd St	RB576	PRESSURE PRODU	Office	157	33	32	42
52nd St	RB577	SENSOR ENGR SU	Office	11,054	2,346	2,235	2,985
52nd St	RB583	CATV ENGINEERIN	Office	9,630	2,044	1,947	2,600
52nd St	RB586	PRESSURE SENSO	Office	1,391	295	281	376
52nd St	RB588	RF INFRASTRUCTU	Office	7,732	1,641	1,564	2,088
52nd St	RB616	ACCELEROMETER	Office	1,088	231	220	294
52nd St	RB637	SPD SILICON TECH	Office	1,681	357	340	454
52nd St	RB658	RF COMPONENTS	Office	678	144	137	183
52nd St	RB660	RF BCAST/IND PRO	Office	4,363	926	882	1,178
52nd St	RB667	WISD PKG DEVELO	Office	4,082	866	825	1,102
52nd St	RB679	SPD INTERFACE D	Office	2,059	437	416	556
52nd St	RB700	WISD DEMAND CO	Office	196	42	40	53
52nd St	RB702	WISD BUSINESS O	Office	482	102	97	130
52nd St	RB708	WISD SYSTEMS	Office	456	97	92	123
52nd St	RB717	SPD MANAGEMEN	Office	2,814	597	569	760
52nd St	RB724	WISD ADMIN	Office	2,932	622	593	792
52nd St	RB733	MULTI-MEDIA CON	Office	0	0	0	0
52nd St	RB734	COMMUNITY VOLU	Office	0	0	0	0
52nd St	RB746	LEARNING & PERF	Office	0	0	0	0
52nd St	RB813	WSSG DEMAND M	Office	0	0	0	0
52nd St	RB822	SPD STRATEGIC M	Office	700	149	142	189

			Variable *Estimates*					
Site	Dept	Title	Electric-ity G42	Bldg Svcs G43	Monthly Total Rent Due (K$)	Quarterly Total Rent Due (K$)	QTR Cost Per SF	Reloc Date
52nd St	RB104	PHX. GROUNDWAT	55,892	N/A	56	168	9.61	
52nd St	-	IGWTP TOWER	16,667	N/A	17	50	9.61	
52nd St	RB177	W REGION-DESKT	294	1,691	3	8	9.61	
52nd St	RB179	RF MATERIAL ENG	217	1,246	2	6	9.61	
52nd St	RB192	W REGION-INFRAS	4,294	24,715	37	112	9.61	June 1,99
52nd St	RB196	52ND ST REC.FAX	4,380	25,208	38	114	9.61	
52nd St	RB391	WISD Q/A	324	1,863	3	8	9.61	July 1,99
52nd St	RB409	SMOKE DETECTRO	112	647	1	3	9.61	2000
52nd St	RB413	MESA RELIABILITY	43	247	0	1	9.61	
52nd St	RB414	WISD Q/A ENGR	1,669	9,606	14	43	9.61	
52nd St	RB417	SPD STRATEGIC M	166	953	1	4	9.61	2000
52nd St	RB423	SPD & MPS R&QA	248	1,428	2	6	9.61	
52nd St	RB428	WISD TECH MGMT	2,316	13,331	20	60	9.61	July 1,99
52nd St	RB430	ACCELEROMETER	713	4,107	6	19	9.61	2000
52nd St	RB503	SPD STRATEGIC T	56	320	0	1	9.61	2000
52nd St	RB504	PROJECT MGNT R	0	0	0	0	9.61	
52nd St	RB536	CMOS ACCELERO	112	643	1	3	9.61	2000
52nd St	RB576	PRESSURE PRODU	56	320	0	1	9.61	2000
52nd St	RB577	SENSOR ENGR SU	3,918	22,550	34	102	9.61	
52nd St	RB583	CATV ENGINEERIN	3,413	19,645	30	89	9.61	July 1,99
52nd St	RB586	PRESSURE SENSO	493	2,838	4	13	9.61	2000
52nd St	RB588	RF INFRASTRUCTU	2,741	15,773	24	71	9.61	July 1,99
52nd St	RB616	ACCELEROMETER	386	2,220	3	10	9.61	2000
52nd St	RB637	SPD SILICON TECH	596	3,429	5	16	9.61	2000

52nd St	RB658	RF COMPONENTS	240	1,383	2	6	9.61	June 1,99
52nd St	RB660	RF BCAST/IND PRO	1,546	8,901	13	40	9.61	July 1,99
52nd St	RB667	WISD PKG DEVELO	1,447	8,327	13	38	9.61	July 1,99
52nd St	RB679	SPD INTERFACE D	730	4,200	6	19	9.61	2000
52nd St	RB700	WISD DEMAND CO	69	400	1	2	9.61	
52nd St	RB702	WISD BUSINESS O	171	983	1	4	9.61	July 1,99
52nd St	RB708	WISD SYSTEMS	162	930	1	4	9.61	July 1,99
52nd St	RB717	SPD MANAGEMEN	997	5,741	9	26	9.61	2000
52nd St	RB724	WISD ADMIN	1,039	5,981	9	27	9.61	July 1,99
52nd St	RB733	MULTI-MEDIA CON	0	0	0	0	9.61	
52nd St	RB734	COMMUNITY VOLU	0	0	0	0	9.61	
52nd St	RB746	LEARNING & PERF	0	0	0	0	9.61	
52nd St	RB813	WSSG DEMAND M	0	0	0	0	9.61	Feb-99
52nd St	RB822	SPD STRATEGIC M	248	1,428	2	6	9.61	

OFFICE - Budgeted cost per quarter
FAB/LAB - Fixed Cost-Budgeted per quarter
- Variable Cost-Previous month actuals

1999 CHARGE OUT RATES

				Current	Fixed		
Site	Dept	Title	Space Type	Current SQFT	Property Tax G37	Insurance G37	Building Depr G44
52nd St	RB843	SPD MARCOM/BUS	Office	893	190	181	241
52nd St	RB854	SPD TACTICAL MK	Office	632	134	128	171
52nd St	RB867	CLOSED	Office	0	0	0	0
52nd St	RB877	WISD PROD MARK	Office	4,688	995	948	1,266
52nd St	RB879	SPD SYSTEMS/APP	Office	779	165	158	210
52nd St	RB900	MBG/SCG - PHOEN	Office	284	60	57	77
52nd St	RB903	MBG/TSG	Office	0	0	0	0
52nd St	RB905	BUSINESS PROCE	Office	560	119	113	151
52nd St	RB913	EMERG.MEDIA & T	Office	534	113	108	144
52nd St	RB941	WORLD WIDE MAR	Office	0	0	0	0
52nd St	RB954	FIN SERV HDQTRS	Office	2,710	575	548	732
52nd St	RB960	FIN SERV AMERICA	Office	447	95	90	121
52nd St	RB966	SECTOR FINANCE	Office	0	0	0	0
52nd St	RB982	IT ADMIN SUPPOR	Office	1,615	343	327	436
52nd St	RB995	FIN SERV CUSTOM	Office	7,242	1,537	1,464	1,955
52nd St	RH277	RF1 DFO MAINT	Office	11,509	2,442	2,327	3,107
52nd St	RH279	RF1 DFO SUPPLY	Office	299	63	60	81
52nd St	RH280	RF1 DFO CIM	Office	597	127	121	161
52nd St	RH281	RF1 DFO PRDPLAN	Office	299	63	60	81
52nd St	RH282	RF1 DFO ADMIN	Office	43,481	9,228	8,793	11,740
52nd St	RH528	MEMS 1 CIM ENG	Office	9,819	2,084	1,986	2,651
52nd St	RH531	MEMS 1 PRESSUR	Office	3,269	694	661	883
52nd St	RH570	RF1 PR ENG PHOT	Office	498	106	101	134
52nd St	RH572	RF1 PR ENG DIFFS	Office	100	21	20	27
52nd St	RH573	RF1 PR ENG IMPLT	Office	100	21	20	27
52nd St	RH574	RF1 PR ENG FRME	Office	299	63	60	81
52nd St	RH575	RF1 PR ENG BKGR	Office	299	63	60	81
52nd St	RH576	RF1 PR ENG PROB	Office	299	63	60	81
52nd St	RH577	RF1 PR ENG ETCH	Office	299	63	60	81
52nd St	RH579	CSDM ENGR SUST	Office	697	148	141	188
52nd St	RH679	SUDM ENGR R/E	Office	100	21	20	27
52nd St	RM192	MATERIAL ROTATI	Office	336	71	68	91
52nd St	RU756	HR OPERATIONS	Office	0	0	0	0
52nd St	SD762	SALES & OPER PL	Office	315	67	64	85

			Variable *Estimates*					
Site	Dept	Title	Electric-ity G42	Bldg Svcs G43	Monthly Total Rent Due (K$)	Quarterly Total Rent Due (K$)	QTR Cost Per SF	Reloc Date
52nd St	RB843	SPD MARCOM/BUS	317	1,822	3	8	9.61	2000
52nd St	RB854	SPD TACTICAL MK	224	1,289	2	6	9.61	2000
52nd St	RB867	CLOSED	0	0	00	0	0	4Q99
52nd St	RB877	WISD PROD MARK	1,662	9,564	14	43	9.61	July 1,99
52nd St	RB879	SPD SYSTEMS/APP	276	1,589	2	7	9.61	2000
52nd St	RB900	MBG/SCG - PHOEN	101	579	1	3	9.61	
52nd St	RB903	MBG/TSG	0	0	0	0	9.61	
52nd St	RB905	BUSINESS PROCE	198	1,142	2	5	9.61	
52nd St	RB913	EMERG.MEDIA & T	189	1,089	2	5	9.61	
52nd St	RB941	WORLD WIDE MAR	0	0	0	0	9.61	
52nd St	RB954	FIN SERV HDQTRS	961	5,528	8	25	9.61	
52nd St	RB960	FIN SERV AMERICA	158	912	1	4	9.61	
52nd St	RB966	SECTOR FINANCE	0	0	0	0	9.61	
52nd St	RB982	IT ADMIN SUPPOR	572	3,295	5	15	9.61	
52nd St	RB995	FIN SERV CUSTOM	2,567	14,774	22	67	9.61	2Q99
52nd St	RH277	RF1 DFO MAINT	4,079	23,478	35	106	9.61	01-June
52nd St	RH279	RF1 DFO SUPPLY	106	610	1	3	9.61	
52nd St	RH280	RF1 DFO CIM	212	1,218	2	6	9.61	01-June
52nd St	RH281	RF1 DFO PRDPLAN	106	610	1	3	9.61	01-June
52nd St	RH282	RF1 DFO ADMIN	15,412	88,701	134	402	9.61	01-June
52nd St	RH528	MEMS 1 CIM ENG	3,480	20,031	30	91	9.61	Dec-99
52nd St	RH531	MEMS 1 PRESSUR	1,159	6,669	10	30	9.61	Dec-99

52nd St	RH570	RF1 PR ENG PHOT	177	1,016	2	5	9.61	01-June
52nd St	RH572	RF1 PR ENG DIFFS	35	204	0	1	9.61	01-June
52nd St	RH573	RF1 PR ENG IMPLT	35	204	0	1	9.61	01-June
52nd St	RH574	RF1 PR ENG FRME	106	610	1	3	9.61	01-June
52nd St	RH575	RF1 PR ENG BKGR	106	610	1	3	9.61	01-June
52nd St	RH576	RF1 PR ENG PROB	106	610	1	3	9.61	01-June
52nd St	RH577	RF1 PR ENG ETCH	106	610	1	3	9.61	01-June
52nd St	RH579	CSDM ENGR SUST	247	1,422	2	6	9.61	
52nd St	RH679	SUDM ENGR R/E	35	204	0	1	9.61	
52nd St	RM192	MATERIAL ROTATI	119	685	1	3	9.61	
52nd St	RU756	HR OPERATIONS	0	0	0	0	9.61	2000
52nd St	SD762	SALES & OPER PL	112	643	1	3	9.61	2000

OFFICE - Budgeted cost per quarter
FAB/LAB - Fixed Cost-Budgeted per quarter
- Variable Cost-Previous month actuals 1999 CHARGE OUT RATES

Site	Dept	Title	Space Type	Current SQFT	Current Fixed: Property Tax G37	Current Fixed: Insurance G37	Current Fixed: Building Depr G44
52nd St	SD763	TSG ORDER FULFI	Office	0	0	0	0
52nd St	SD920	GROUP BIZ ADMIN	Office	160	34	32	43
52nd St	SD921	Demand Coordinatio	Office	0	0	0	0
52nd St	SD957	TSG GROUP FINAN	Office	262	56	53	71
52nd St	SD980	DIRECT FINANCE	Office	498	106	101	134
52nd St	SD985	TSG GROUP ADMIN	Office	0	0	0	0
52nd St	SD987	NCSG GROUP ADM	Office	1,374	292	278	371
		TOTAL OFFICE		188,947	40,099	38,209	51,016
52nd St	RB280	RF COMPONENTS	Test/La	24,375	22,046	4,929	27,842
52nd St	RB288	RF MODULES ASS	Test/La	225	204	46	257
52nd St	RB527	RF TEST ENGR	Test/La	1,401	1,267	283	1,600
52nd St	RB580	RF MODULES ASS	Test/La	185	167	37	211
52nd St	RH224	MEMS 1 METAL DF	Test/La	1,375	1,244	278	1,571
52nd St	RH276	RF 1 DFO PROBE	Test/La	7,014	6,344	1,418	8,012
		TOTAL TEST/LAB		34,575	31,271	6,992	39,492
52nd St	RH221	MEMS 1 PHOTO DF	Fab	6,898	8,791	1,418	11,098
52nd St	RH222	MEMS 1 ETCH DFO	Fab	9,550	12,171	1,963	15,365
52nd St	RH223	MEMS 1 DIFFUSIO	Fab	5,837	7,439	1,200	9,391
52nd St	RH226	MEMS 1 BOND DF	Fab	2,013	2,565	414	3,239
52nd St	RH227	MEMS 1 PROBE DF	Fab	1,425	1,816	293	2,293
52nd St	RH270	RF1 DFO PHOTO	Fab	3,753	4,783	771	6,038
52nd St	RH271	RF1 DFO ETCH	Fab	2,267	2,889	466	3,647
52nd St	RH272	RF1 DFO DIFFUS	Fab	7,213	9,193	1,483	11,605
52nd St	RH273	RF1 DFO IMPLT	Fab	2,109	2,688	434	3,393
52nd St	RH274	RF1 DFO FRMELT	Fab	1,354	1,726	278	2,178
52nd St	RH275	RF1 DFO BKGRND	Fab	1,385	1,765	285	2,228
		TOTAL FAB		43,804	55,826	9,004	70,476
GRAND TOTAL				267,326	127,196	54,205	160,984

Site	Dept	Title	Variable *Estimates*: Electric-ity G42	Variable *Estimates*: Bldg Svcs G43	Monthly Total Rent Due (K$)	Quarterly Total Rent Due (K$)	QTR Cost Per SF	Reloc Date
52nd St	SD763	TSG ORDER FULFI	0	0	0	0	9.61	2000
52nd St	SD920	GROUP BIZ ADMIN	57	326	0	1	9.61	
52nd St	SD921	Demand Coordinatio	0	0	0	0	9.61	
52nd St	SD957	TSG GROUP FINAN	93	534	1	2	9.61	2000
52nd St	SD980	DIRECT FINANCE	177	1,016	2	5	9.61	July 1,99
52nd St	SD985	TSG GROUP ADMIN	0	0	0	0	9.61	2000
52nd St	SD987	NCSG GROUP ADM	487	2,803	4	13	9.61	July 1,99
		TOTAL OFFICE	139,530	385,462	654	1,963		
52nd St	RB280	RF COMPONENTS	39,000	56,306	150	450	18.48	Jun-99
52nd St	RB288	RF MODULES ASS	360	520	1	4	18.48	
52nd St	RB527	RF TEST ENGR	2,242	3,236	9	26	18.48	Jun-99
52nd St	RB580	RF MODULES ASS	296	427	1	3	18.48	
52nd St	RH224	MEMS 1 METAL DF	2,000	3,176	8	25	18.48	
52nd St	RH276	RF 1 DFO PROBE	11,222	16,202	43	130	18.48	01-Jun
		TOTAL TEST/LAB	55,320	79,868	213	639		
52nd St	RH221	MEMS 1 PHOTO DF	15,521	21,936	59	176	25.61	Jan-00
52nd St	RH222	MEMS 1 ETCH DFO	21,488	30,369	81	244	25.61	Jan-00
52nd St	RH223	MEMS 1 DIFFUSIO	13,133	18,562	50	149	25.61	Jan-00
52nd St	RH226	MEMS 1 BOND DF	4,529	6,401	17	51	25.61	Jan-00
52nd St	RH227	MEMS 1 PROBE DF	3,206	4,532	12	36	25.61	Jan-00
52nd St	RH270	RF1 DFO PHOTO	8,444	11,935	32	96	25.61	Jun-01
52nd St	RH271	RF1 DFO ETCH	5,101	7,209	19	58	25.61	Jun-01
52nd St	RH272	RF1 DFO DIFFUS	16,229	22,937	61	184	25.61	Jun-01
52nd St	RH273	RF1 DFO IMPLT	4,745	6,707	18	54	25.61	Jun-01
52nd St	RH274	RF1 DFO FRMELT	3,047	4,306	12	35	25.61	Jun-01
52nd St	RH275	RF1 DFO BKGRND	3,116	4,404	12	35	25.61	Jun-01
		TOTAL FAB	98,559	139,297	373	1,119		
GRAND TOTAL			293,409	604,617	1,240	3,721		

PLUS DI WATER CHARGES - BASED ON ACTUAL USAGE. NOT SQUARE FOOTAGE APPLIES ONLY
TO FAB @ ESTIM. MONTHLY RATE OF $1.75/SQFT.

OFFICE - Budgeted cost per quarter
FAB/LAB - Fixed Cost-Budgeted per quarter
- Variable Cost-Previous month actuals 1999 CHARGE OUT RATES

EXHIBIT B

Sublessees or Assignees Triggering SCI's Termination Right

AMD
Chartered Semiconductor
Fujitsu
Hitachi
Hyundai/LG Semiconductor
IBM
Intel
LSI Logic
Lucent
National
NEC
Phillips
Samsung
Siemens
ST Microelectronics
Texas Instruments
Toshiba
TSMC
UMC
VLSI Technologies Inc.

EXHIBIT C

Copy of Environmental Indemnification Agreement

EXECUTION COPY
EXHIBIT 10.17

DECLARATION OF COVENANTS, EASEMENTS AND RESTRICTIONS

between

MOTOROLA, INC.

and

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

Premises

A portion of Motorola, Inc. Semiconductor Products Division Industrial Park, Phoenix, Arizona

TABLE OF CONTENTS

THIS DECLARATION OF COVENANTS, EASEMENTS AND RESTRICTIONS AND OPTIONS TO PURCHASE AND LEASE (this "Agreement") made as of the 31st day of July 1999, between MOTOROLA, INC., a Delaware Corporation ("Motorola"), and SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC, a Delaware limited liability company ("SCI").

W I T N E S S E T H :

It is hereby mutually covenanted and agreed by and between the Owners that this Agreement is made upon the agreements, terms, covenants and conditions hereinafter set forth.

1. PRELIMINARY

1.1. PARTIES: Motorola is the Owner of the Radio Tower, the Remediation Equipment, the Credit Union Parcel, the Pilot Treatment Plant Parcel, the Integrated Treatment Facility Parcel, the Motorola Buildings and the Subsurface Rights to the Main Parcel; and SCI is the Owner of the SCI Buildings and the Surface Rights to the Main Parcel. The Land is a portion of the improved real property located south and west of the intersection of 52nd Street and McDowell Road in Phoenix, Maricopa County, Arizona.

1.2. PURPOSE: The parties pursuant to this Agreement wish to impose certain covenants, easements and restrictions governing the rights of the Owners for the mutual benefit of all of the Property and, therefore, do hereby grant, fix and establish the restrictions, easements and benefits upon and subject to which all of the Property, or any part thereof, shall be improved, held, leased, sold and/or conveyed. Such restrictions, easements and benefits shall run with the land and inure and pass with such property and shall apply to and bind the respective successors in interests thereof, and all and each thereof is imposed upon such property as a mutual equitable servitude in favor of such property and any portion thereof.

1.3. DEFINITIONS: The terms defined in this Section shall, for all purposes of this Agreement and all agreements supplemental hereto, have the meanings herein specified.

(a) "ADEQ " shall mean the Arizona Department of Environmental Quality and any successor agency.

(b) "Buildings" shall mean the Motorola Buildings and the SCI Buildings, as the same may be expanded, modified or hereafter constructed in accordance with this Agreement.

(c) "Capital Improvement" shall have the meaning provided in Section 9.1 hereof.

(d) "Commencement Date" shall mean the date hereof.

(e) "Credit Union Parcel" shall have the meaning provided on Exhibit A to this Agreement.

(f) "Closing" shall have the meaning ascribed to such term in the Recap Agreement.

(g) "Deed" means that certain Quit-Claim Deed and Bill of Sale of Buildings, Surface Rights to Land and Fixtures dated of even date herewith between Motorola, as grantor, and SCI, as grantee, and recorded immediately prior to this Agreement.

(h) "Demolition" shall have the meaning provided in Section 5.1(b).

(i) "Discount Rate" shall mean an interest rate equal to the sum of (i) the "prime" rate as reflected in the money rates Section of the Wall Street Journal or reasonable successor indices mutually agreed upon by SCI and Motorola and (ii) one percent (1%).

(j) "Environmental Indemnification Agreement" shall mean the Indemnification Agreement dated as of July 31, 1999 by and between Motorola and SCI.

(k) "Environmental Law" means applicable federal, state or local law, statute, ordinance, regulation, binding agreement with a Governmental Authority, permit, order, or legally binding interpretations of any of the foregoing, relating to pollution and protection of the environment, natural resources, or worker safety or health, including laws relating to the Releases of Hazardous Substances.

(l) "Facility" shall mean the Credit Union Parcel, the Main Parcel, the Integrated Treatment Facility Parcel and the Pilot Treatment Plant Parcel.

(m) "Fiscal Year" shall mean each annual period ending December 31.

(n) "Hazardous Substance" shall mean any pollutants, contaminants, hazardous or toxic substances or wastes, friable asbestos, petroleum or any fraction or derivative thereof, radioactive materials or any other element, compound, mixture, solution or substance that is classified or regulated under any Environmental Law.

(o) "Impositions" shall have the meaning provided in Section 3.1 hereof.

(p) "Indemnitees" shall mean an Owner's affiliates, officers, directors, members, managers, employees, agents, invitees and any holder of a Mortgage.

(q) "Insurance Requirements" shall mean all terms of any insurance policy required in this Agreement, all requirements of the issuer of any such policy, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting all or any part of the Property, or the use or condition thereof.

(r) "Integrated Treatment Facility Parcel" shall have the meaning set forth on Exhibit A to this Agreement.

(s) "Land" shall mean the Credit Union Parcel, the Main Parcel, the Pilot Treatment Plant Parcel and the Integrated Treatment Facility Parcel described in Exhibit A and denominated "Description of Land" therein together with all easements, rights of way and appurtenances, together with any contiguous land that is after acquired through any abandonment of adjacent streets or alleyways.

(t) "Lease" shall mean the Lease of certain premises located in the SCI Buildings dated as of July 31, 1999 by and between SCI, as landlord, and Motorola, as tenant.

(u) "Legal Requirements" shall mean all laws, statutes, codes, ordinances, orders, judgments, decrees, injunctions, rules, and requirements of, and agreements with, all governments, agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, arising from any restrictions or agreements of record, which now or at any time hereafter may be applicable to the Property or any part thereof, or any of the adjoining sidewalks, vaults, and vault space, if any, streets or ways, or any use or condition of the Property or any part thereof, including, without limitation, Environmental Law.

(v) "Mortgage" shall mean any mortgage, deed of trust or other security instrument now or hereafter a lien on either (i) SCI's interest in the SCI Property, including its interests hereunder or (ii) Motorola's interest in the Credit Union Parcel, including its interests hereunder, which is held as security for a loan to SCI or Motorola (as applicable), and shall include all increases, replacements, renewals, extensions, refinancings or modifications of such mortgage.

(w) "Main Parcel" shall mean the land described on Exhibit A to this Agreement less and except the Credit Union Parcel, the Pilot Treatment Plant Parcel and the Integrated Treatment Facility Parcel.

(x) "Motorola" shall mean Motorola, Inc., a Delaware Corporation.

(y) "Motorola Actual Additional Cleanup Operations Expenses" shall mean any actual expenses of Motorola (i) that relate to the Motorola Cleanup Operations, (ii) which Motorola reasonably demonstrates have resulted from such Purchaser's (pursuant to Section 6.2 hereof) use or uses of the SCI Property (iii) that are in addition to the Motorola Current Cleanup Operations Expenses and (iv) which Motorola reasonably demonstrates have exceeded the Motorola Current Cleanup Operations Expenses by at least twenty-five percent (25%) for comparable periods.

(z) "Motorola Buildings" shall mean those buildings set forth on Schedule 2 of this Agreement.

(aa) "Motorola Cleanup Operations" shall mean investigation and remediation activities, including soil and groundwater investigation and remediation activities,

now or hereafter conducted by or on behalf of Motorola on portions of the Facility under the direction of the Arizona Department of Environmental Quality and the United States Environmental Protection Agency, Region IX, pursuant to Arizona ex rel. v Motorola, Inc. Civil Action 89-16807, including, but not limited to those activities performed by (i) those certain groundwater treatment plants located on the Pilot Treatment Plant Parcel and the Integrated Treatment Facility Parcel and the Treatment Premises; (ii) the soil vapor extraction facility, the carbon absorption facilities and related facilities in Building AD and; (iii) remediation equipment on the northeast corner of the Facility (including the air stripper currently located thereon) related to the former gas station site.

(bb) "Motorola Current Cleanup Operations Expenses" shall mean the Motorola Cleanup Operations expenses immediately prior to the proposed Sale of the SCI Property by SCI to a Purchaser under Section 6 of this Agreement.

(cc) "Motorola Estimated Additional Cleanup Operations Expenses" shall mean any estimated expenses of Motorola (i) that relate to the Motorola Cleanup Operations, (ii) which Motorola reasonably demonstrates are substantially likely to result from such Purchaser's (pursuant to Section 6.2 hereof) proposed use or uses of the SCI Property, (iii) that are in addition to the Motorola Current Cleanup Operations Expenses and (iv) which Motorola reasonably demonstrates are substantially likely to exceed the Motorola Current Cleanup Operations Expenses by at least twenty-five percent (25%) for comparable periods.

(dd) "Motorola Property" shall mean the Credit Union Parcel, the Pilot Treatment Plant Parcel, the Integrated Treatment Facility Parcel, the Subsurface Rights to the Main Parcel, the Motorola Buildings, the Radio Tower, the Remediation Equipment, the Treatment Premises and the Radio Tower Space.

(ee) "Motorola Tenants" shall mean any tenants or sub-tenants of Motorola, including, without limitation, any affiliates of Motorola.

(ff) "Option to Lease Subsurface Rights" shall have the meaning provided in Section 24.1 hereof.

(gg) "Owner" shall mean the record holder of fee simple title to any of the Property, its heirs, personal representatives, successors and assigns.

(hh) "Owner Indemnitees" shall have the meaning provided in Section 14.1 hereof.

(ii) "Parcel or Parcels" shall mean individually or collectively the Credit Union Parcel, the Pilot Treatment Plant Parcel, the Integrated Treatment Facility Parcel and the Main Parcel.

(jj) "Person" shall mean and include an individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated association and any government or bureau or agency thereof.

(kk) "Pilot Treatment Plant Parcel" shall have the meaning set forth on Exhibit A to this Agreement.

(ll) "Pipes and Mains" shall mean water, sewer, gas, utilities (public or private) and other connections, meters, facilities, anchors, infrastructure, lines, pipes and mains located at the Facility; provided, however, the Pipes and Mains shall exclude any Remediation Equipment.

(mm) "Property" shall mean collectively the Motorola Property and the SCI Property.

(nn) "Purchase Option" shall have the meaning provided in Section 19.1 hereof.

(oo) "Purchaser" shall mean any purchaser, transferee or recipient of the Property or any part thereof.

(pp) "Radio Tower" shall mean the radio, digital and telephone communications and related equipment, including a cellular telephone tower and antenna and related structural elements including, but not limited to, all electrical and mechanical risers (the term "risers" includes all pipes, ducts, conduits, valves and similar items) located on certain SCI Buildings.

(qq) "Radio Tower Space" shall mean Motorola's interest in those portions of the Buildings currently being used for the operation, maintenance, repair and replacement of the Radio Tower, as more particularly defined in the Deed.

(rr) "Recap Agreement" shall mean the Agreement and Plan of Recapitialization and Merger by and among Motorola, SCG Holding Corporation, SCI, TPG Semiconductor Holdings Corp., and TPG Semiconductor Acquisition Corp. dated as of May 11, 1999.

(ss) "Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, dumping, discharge, dispersal, leaching, escaping, emanation or migration in, into or onto the environment of any kind whatsoever, including without limitation the movement of any Hazardous Substance through or in the environment.

(tt) "Remediation Equipment" shall mean all walls, tanks, pipes, pumps, equipment and personal property of any nature used, now or in the future, by or on behalf of Motorola in the Motorola Cleanup Operations.

(uu) "Restoration" shall have the meaning provided in Section 5.1 hereof.

(vv) "Restore" shall have the meaning provided in Section 5.1 hereof.

(ww) "Sale" shall mean any sale, transfer or conveyance, except for pursuant to the exercise of the Purchase Option by SCI.

(xx) "SCI Buildings" shall mean those buildings and appurtenant improvements as set forth on Schedule 1 and legally described on Schedule 1-A of this Agreement.

(yy) "SCI Property" shall mean the SCI Buildings and all of the Surface Rights relating to the Main Parcel; provided, however, the SCI Property shall exclude (i) the Motorola Property.

(zz) "SCI Tenants" shall mean any tenants or sub-tenants of SCI, including, without limitation, any affiliates of SCI but not including Motorola or any Motorola Tenant, successor, assign or affiliate.

(aaa) "Surface Rights" shall mean all fee ownership rights of use, possession, operation, occupancy and conveyance relating to the surface to a depth of one (1) foot of the Main Parcel, the right to lateral and subjacent support of the Surface Rights of the Main Parcel for any permitted use SCI elects to make of the Surface Rights of the Main Parcel and for the SCI Buildings and Capital Improvements that SCI may place on the Main Parcel, and any rights ancillary thereto granted to SCI pursuant to this Agreement, including an exclusive right to use the air and air rights above the Main Parcel (other than the Radio Tower) and an easement granted by Motorola in favor of SCI over the Subsurface Rights for all existing and future roads, access, drainages, utilities (public and private) serving the SCI Buildings and for any footings and foundations of any SCI Buildings and Capital Improvements from time to time located on the Main Parcel in excess of one (1) foot below the lowest point of each of the SCI Buildings, including all future easements; provided, however, that no such Capital Improvements will materially and adversely impact the Motorola Cleanup Operations or the operation of the Radio Tower unless Motorola consents to such Capital Improvement; provided, further, with respect to the real property underlying the SCI Buildings, Surface Rights shall include all similar rights to such real property extending below the surface of such portion of the real property down to a depth of one (1) foot below the lowest point, respectively, of each of the SCI Buildings.

(bbb) "Subsurface Rights" shall mean all fee ownership rights of use, possession, operation, occupancy and conveyance relating to that portion of the Main Parcel which lies beneath the Surface Rights of the Main Parcel.

(ccc) "SCI" shall mean Semiconductor Components Industries, LLC, a Delaware limited liability company.

(ddd) "Treatment Plants" shall mean those certain groundwater treatment plants from time to time existing on the Integrated Treatment Facility Parcel and Pilot Treatment Plant Parcel.

(eee) "Treatment Premises" shall mean Motorola's interest in a portion of one of the SCI Buildings commonly known as Building AD that is under the sole control and operation of Motorola.

2. RESERVED

3. IMPOSITIONS

3.1. TAXES AND ASSESSMENTS Each Owner shall pay direct to the tax collector, prior to delinquency, as hereinafter provided, all of the following items ("Impositions") levied and assessed against its Property: (a) real property assessments; provided, however, SCI shall pay any assessments relating to the Subsurface Rights of the Main Parcel, (b) taxes including, without limitation, real estate taxes, personal property taxes, sales taxes, transaction, privilege, rent, lease or similar taxes, occupancy taxes, compensating use taxes, water, water meter and sewer rents, rates and charges, excises, levies, franchise taxes, license and permit fees, fines, penalties and other similar or like governmental charges applicable to the foregoing and any interest or costs with respect thereto, (c) charges for any easement or agreement maintained for the benefit of its Property; provided, however, as of the Commencement Date, SCI shall be responsible for charges arising pursuant to that certain Agreement Concerning the Construction, Operation and Maintenance of a Water Detention Basin on the Papago Military Reservation dated August 7, 1986 by and among Motorola, Arizona National Guard and the State of Arizona recorded August 15, 1986 at Recorder's No. 86-0433667; provided, further, such charges shall be prorated through the Commencement Date and Motorola hereby represents to SCI that all required construction and other obligations have been performed to date and (d) charges for public and private utilities and services (including, without limitation, gas, electricity, steam, light, heat, air-conditioning, power, telephone and other communications, fire alarm and security services) and any and all other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, which at any time may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or in respect of, or charged with respect to or become a lien on, the Property, or the sidewalks or streets in front of or adjoining each Owner's Property, or any vault, passageway or space in, over or under such sidewalk or street, or any other appurtenances of the Property, buildings, or any personal property, equipment or other facility used in the operation thereof, or the rent or income received therefrom, or any use or occupancy thereof, or this transaction, or any document to which the Owner of such Property is a Owner creating or transferring an interest or estate in the Property; each such Imposition, or installment thereof, after the date of this Agreement to be paid not later than five (5) days prior to the date on which any fine, penalty, interest or cost may be added thereto or imposed by law for the non-payment thereof; provided, however, that if, by law, any Imposition may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), the Owner of such Property may exercise the option to pay the same in such installments. Motorola agrees to join in all easements, covenants, restrictions, reciprocal easement agreements, plats, permits (including without limitation zoning and entitlement matters) and applications reasonably necessary in SCI's operation, management, demolition, development, redevelopment and other use of the SCI Property, provided the same do not

unreasonably interfere with Motorola's rights hereunder to the extent permitted by this Agreement. SCI agrees to join in all easements, covenants, restrictions, reciprocal easement agreements, plats, permits (including, without limitation, zoning and entitlement matters) and applications reasonably necessary in Motorola's operation, management, demolition, development, redevelopment and other use of the Motorola Property, provided that the same do not unreasonably interfere with SCI's rights hereunder to the extent permitted by this Agreement. Motorola agrees to grant, without additional consideration, fee dedications of the Subsurface Rights of the Main Parcel with respect to dedications or grants to governmental authorities with respect to the operation and development of the Main Parcel; provided, however, to the extent that (i) any fee dedication is required because of a proposed Capital Improvement by SCI and (ii) such fee dedication of the Subsurface Rights would materially and adversely impact the Motorola Cleanup Operations or the operation of the Radio Tower, Motorola shall not be obliged to grant such fee dedication.

3.2. CONTEST PROCEEDINGS OF IMPOSITIONS, INSURANCE REQUIREMENTS AND LEGAL REQUIREMENTS Each Owner has the right, at its own expense, to contest the amount or validity, in whole or in part, of any Impositions, Insurance Requirements and Legal Requirements by appropriate proceedings diligently conducted in good faith.

3.3. CREATION OF SEPARATE TAX LOTS Motorola and SCI agree to cooperate (including, without limitation, Motorola and SCI providing the relevant documents, financial information and personal information necessary to create separate tax lots) with each other and the appropriate governmental authorities in creating separate tax lots for (i) the Credit Union Parcel, (ii) the Pilot Treatment Plant Parcel, (iii) the Integrated Treatment Facility Parcel and (iv) the Main Parcel (including the Surface Rights and the Subsurface Rights). Prior to the creation of separate tax parcels or to the extent a plat of subdivision is required in connection with the foregoing, Motorola and SCI shall each pay its proportionate share of all fees and costs in connection therewith based upon the ratio that the land square footage of the tax parcels for which each is responsible bears to the total square footage of the Land. The fees and costs of any jointly pursued protests of Impositions prior to creation of separate tax lots shall also be apportioned in the foregoing manner; provided, however, if either Owner joins in a protest solely to facilitate such protest by the other Owner, it shall not be required to share in such costs. Motorola shall be responsible for Impositions related to (i), (ii) and (iii) above and SCI shall be responsible for (iv). Notwithstanding the foregoing, with respect to the Radio Tower and the Remediation Equipment and the operation thereof, Motorola shall be responsible for any real or personal property taxes, sales taxes, permit fees, fines, penalties and other similar or like governmental charges applicable to the foregoing and any interest or costs with respect thereto; provided, however, with respect to the Radio Tower only, SCI shall be responsible for such charges to the extent allocable to SCI's operations. To the extent such charges are commingled in bills, the Owners shall equitably separate such bills based upon their respective responsibilities as aforesaid, and the Owner owing funds to the Owner paying the bill shall remit such funds at least fifteen (15) days prior to the due date of such bill.

4. INSURANCE

4.1. INSURANCE REQUIREMENTS.

(a) Each Owner shall provide and keep in force insurance against liability for bodily injury, personal injury and property damage, it being agreed that all such insurance shall be commercial general liability insurance on an "occurrence basis", that it shall include specifically the Property, and all parking areas, streets, alleys and sidewalks adjoining or appurtenant to the Property or the Buildings, and that the insurance against liability for injury and death shall not be less than One Million Dollars ($1,000,000) for any occurrence, and with umbrella coverage of an additional Nine Million Dollars ($9,000,000).

(b) To the extent the other Owner has an insurable interest, all insurance provided by a Owner, as required by this Section 4.1 shall either name the other Owner as an additional insured or be carried in favor of Motorola and SCI, as their respective interests may appear and in all cases shall provide for a waiver of subrogation against the other Owner.

4.2. ADDITIONAL INSURANCE REQUIREMENTS.

(a) All insurance required by any provision of this Agreement shall be in such form and shall be issued by such responsible companies authorized to do business in the State of Arizona as are reasonably acceptable to Motorola or SCI, as the case may be. All policies referred to in Section 4.1 of this Agreement shall be procured, or caused to be procured, by the Owner specified to maintain such insurance at no expense to the other Owner and shall be endorsed as "primary insurance" for the interests of SCI and Motorola regardless of any other valid or otherwise collectible insurance that may exist for either Owner. Certificates evidencing such policies shall be delivered to Motorola or SCI, as the case may be, immediately upon receipt from the insurance company or companies. Certificates evidencing new or renewal policies replacing any policies expiring during the term hereof, shall be delivered to Motorola or SCI, as the case may be, at least ten (10) days before the date of expiration, together with proof satisfactory to Motorola or SCI, as the case may be, that the full premiums have been paid. Premiums on policies shall not be financed in any manner whereby the lender, on default or otherwise, shall have the right or privilege of surrendering or canceling the policies, provided, however, that premiums may be paid in annual installments. Deductibles and/or self-insured retentions shall not exceed $250,000 unless by prior consent of Motorola or SCI, as the case may be, not to be unreasonably withheld.

(b) Each Owner shall procure policies for all such insurance required by any provision of this Agreement for periods of not less than one (1) year and shall procure renewals thereof from time to time at least ten (10) days before the expiration thereof.

(c) Subject to Section 3.2 of this Agreement, neither Owner shall violate or permit to be violated any of the conditions or provisions of any such policy, and each Owner shall so perform and satisfy or cause to be performed and satisfied the requirements of the companies writing such policies so that at all times companies of good standing satisfactory to each Owner shall be willing to write and/or continue such insurance.

(d) Each policy of insurance required to be obtained hereunder which meets the criteria set forth in Section 4.2(c) as herein provided and each certificate therefor issued by the insurer shall contain, if reasonably procurable, a provision that no act or omission of such Owner shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained, and an agreement by the insurer that such policy shall not be canceled or modified without at least ten (10) days' prior written notice to the other Owner.

4.3. UMBRELLA POLICY The insurance required by this Agreement may, at the option of the Owner required to maintain such insurance, be effected by blanket and/or umbrella policies issued to such Owner covering the SCI Property or the Motorola Property, as the case may be, and other properties owned or leased by such Owner, provided that the policies otherwise comply with the provisions of this Agreement and allocate to the SCI Property or the Motorola Property, as the case may be, the specified coverage hereunder, without possibility of reduction or co-insurance by reason of, or damage to, any other premises named therein, and if the insurance required by this Agreement shall be effected by any such blanket or umbrella policies, the Owner required to maintain such insurance shall furnish to the other Owner certificates evidencing such policies in place of the originals, with schedules thereto attached showing the amount of insurance afforded by such policies applicable to the SCI Property or the Motorola Property and the Treatment Premises, as the case may be.

5. EMINENT DOMAIN

5.1. EMINENT DOMAIN In the event the whole or any part of the Property shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement among Motorola and/or SCI and those authorized to exercise such right, the entire award for the value of the land and improvements so taken shall belong to the Owner of the Property so taken and no other Owner shall have a right to claim any portion of such award by virtue of any interest created by this Agreement. The Owner of Property which is not the subject of a taking may, however, file a collateral claim with the condemning authority over and above the value of the Property (or portion thereof) being so taken to the extent of any damage suffered by such Owner resulting from the severance of the land or improvements so taken, provided that such claim shall not operate to reduce the award allocable to the Property taken.

6. SALE OF THE PROPERTY

6.1. RELEASE OF OWNER UPON SALE OF PROPERTY Upon a Sale of an Owner's Property or any part thereof that satisfies the requirements in this Section 6, the transferring Owner shall be and hereby is entirely released and discharged from any and all covenants and obligations as Owner in connection with such Property arising under this Agreement, accruing from and after the date of such Sale and conveyance of title; provided, however, the transferring Owner shall remain liable and responsible for all covenants and obligations arising only under this Agreement prior to such Sale and conveyance of title; provided, further, it shall be deemed and construed without further agreement between the Owners that the Person who acquires or owns such Property (including, without limitation, the Purchaser on any such Sale or any Person who

acquires its interest by foreclosure, trustee's sale or otherwise) shall be liable and responsible for any and all such covenants and obligations arising under this Agreement with respect to such Property after the date of the Sale and conveyance of title; provided, further, no such Sale shall modify or terminate any other agreement between the parties, including, without limitation, the Environmental Indemnification Agreement.

6.2. RESTRICTIONS ON SALE OF PROPERTY With respect to any exercise of the Purchase Option pursuant to Section 19 or any governmental entity or private utility receiving incidental grants or dedications in fee for public uses or utility purposes, SCI and Motorola agree that the provisions of this Section 6.2 shall not apply; provided, however, with respect to any other Sale of Property, in order for either Owner to sell, transfer or convey its Property or any part thereof to a Purchaser, the Purchaser of such Property or a guarantor of such Purchaser shall:

(a) (i) with respect to the Sale of the SCI Property or any part thereof, have a minimum net worth often million dollars ($10,000,000); provided, however, such amount shall be equitably adjusted on a land for land basis if the such Purchaser is acquiring only a portion of the SCI Property; provided, further, Motorola may reasonably adjust the net worth requirement with respect to any Sale of the SCI Property at the end of every ten (10) year period after the Commencement Date in accordance with the consumer price index; or (ii) with respect to the Sale of the Motorola Property or any part thereof, satisfy the financial test set forth in 40 CFR ss.264.143(f) or its successor regulation with respect to the then total estimated costs of the Motorola Cleanup Operations; provided, however, such amount shall be equitably adjusted on a land for land basis if the such Purchaser is acquiring only a portion of the Motorola Property;

(b) enter into a separate environmental indemnification agreement substantially equivalent to the Environmental Indemnification Agreement; and

(c) agrees, at such Purchaser's option, either to (i) pay or cause to be paid the net present value, according to the Discount Rate, of the Motorola Estimated Additional Cleanup Operations Expenses or (ii) pay over time the Motorola Actual Additional Cleanup Operations Expenses as the same are incurred.

6.3. PROCEDURE FOR APPROVAL OF NET WORTH AND DETERMINATION OF INCREASED CLEANUP COSTS With respect to any proposed Sale pursuant to Section 6.2, the following provisions of this Section 6.3 shall govern the procedure that SCI and Motorola shall follow.

(a) With respect to any proposed Sale of the SCI Property or any part thereof, (i) SCI or the proposed Purchaser of all or part of the SCI Property shall furnish in connection with the requirements of Section 6.2(a) and (c) of this Agreement sufficient information from such Purchaser to establish its (A) pro forma net worth immediately after consummation of such Sale with respect to the requirements of Section 6.2(a) and (B) proposed use or uses of the SCI Property with respect to the provisions of Section 6.2(c), each in such detail as is reasonably sufficient to enable Motorola to respond to SCI and the proposed Purchaser on or prior to the expiration of the Motorola Review Period (as defined below) and

(ii) the proposed Purchaser shall certify to Motorola that such Purchaser reasonably believes in good faith that the information submitted pursuant to Sections 6.3(a)(i)(A) and (B) of this Agreement are true and accurate statements; provided, however, that Motorola shall give notice to SCI and such Purchaser of a request for specified additional information within five (5) days of receiving such information from such Purchaser. Motorola shall have fifteen (15) days from the date that SCI or the proposed Purchaser of the SCI Property or any part thereof delivers to Motorola such documentation as required in Section 6.3(a) and (c) (the "Motorola Review Period") to notify SCI that either the net worth requirements pursuant to Section 6.2(a) of this Agreement have not been satisfied or that payment is required pursuant to Section 6.2(c) of this Agreement (which notice shall specify, if applicable, the grounds for any disapproval of the proposed Sale pursuant to Section 6.2(a) or any required payment to Motorola pursuant to Section 6.2(c)); provided, however, (y) with respect to the requirements of Section 6.2(a) of this Agreement, if no such notice shall have been given to SCI at or prior to the end of the Motorola Review Period, the proposed Sale shall be deemed to satisfy Section 6.2(a) of this Agreement and (z) with respect to the provisions of Section 6.2(c) of this Agreement, if no such notice shall have been given to SCI at or prior to the end of the Motorola Review Period, the proposed Sale shall be deemed to not require any payment under 6.2(c).

(b) With respect to any proposed Sale of the Motorola Property, Motorola or its proposed Purchaser shall furnish in connection with the requirements of Section 6.2(a) of this Agreement sufficient information from such Purchaser to establish that such Purchaser has satisfied the financial requirements set forth in ss.40 CFR 264.143(f) or its successor regulation with respect to the then total estimated costs of the Motorola Cleanup Operations as is reasonably sufficient to enable SCI to respond to Motorola on or prior to the expiration of the SCI Review Period (as defined below); provided, however, that SCI shall give notice of a request for specified additional information within five (5) days of receiving such information from such Purchaser. SCI shall have fifteen (15) days from the date that Motorola or the proposed Purchaser of the Motorola Property or any part thereof delivers to SCI such documentation as required in this Section 6.3(c) (the "SCI Review Period") to notify Motorola that the net worth requirements pursuant to Section 6.2(a) of this Agreement have not been satisfied (which notice shall specify, if applicable, the grounds for any disapproval of the proposed Sale pursuant to Section 6.2(a)), provided, however, with respect to the requirements under Section 6.2(a) of this Agreement, if no such notice shall have been given to Motorola at or prior to the end of the SCI Review Period, the proposed Sale shall be deemed to satisfy Section 6.2(a).

6.4. EXPIRATION OF RESTRICTION ON SALE OF PROPERTY The provisions of this Section 6 shall end at the earlier of (i) six (6) months after such time as Motorola receives final approval from the relevant government authorities confirming completion of the Motorola Cleanup Operations or (ii) such time as SCI has exercised its Purchase Option in full; each Owner may thereafter convey its Property freely and the foregoing restrictions shall be deemed deleted from this Agreement.

7. ENVIRONMENTAL

7.1. COMPLIANCE BY SCI SCI agrees to comply with all Legal Requirements, including Environmental Laws, with respect to the conduct of SCI's business operations on the Property.

7.2. COMPLIANCE BY MOTOROLA Motorola agrees to comply with all Legal Requirements, including Environmental Laws, with respect to the conduct of Motorola's business operations and the Motorola Cleanup Operations on the Property.

7.3. SAFETY BY SCI The safety of SCI's employees, contractors, suppliers, agents, or invitees of SCI shall be the full responsibility of SCI. SCI shall notify Motorola upon SCI's becoming aware of the existence of any hazardous conditions, property, or equipment used in SCI's or the SCI Tenants' business operations or under its control arising from and after the Commencement Date. SCI shall take all necessary precautions against injury to such persons or damage to property from such hazards until corrected by the responsible Owner.

7.4. SAFETY BY MOTOROLA The safety of Motorola's employees, contractors, suppliers, agents, or invitees of Motorola shall be the full responsibility of Motorola. Motorola shall notify SCI upon Motorola's becoming aware of the existence of any hazardous conditions, property, or equipment used in Motorola's or the Motorola Tenants' business operations or under its control arising from and after the Commencement Date. Motorola shall take all necessary precautions against injury to such persons or damage to property from such hazards until corrected by the responsible Owner.

7.5. INDEMNIFICATIONS The Owners have entered into a separate Indemnification Agreement governing among other things environmental issues presented by each Owner's business operations.

8. REPAIRS, SIDEWALKS AND UTILITIES

8.1. MAINTENANCE OF THE PROPERTY, ETC. Each Owner shall take good care of its Property, the sidewalks and curbs in front of or adjacent to its Property; provided, however, SCI shall maintain the Pipes and Mains located on or in the Surface Rights and Subsurface Rights of the Main Parcel, and each Owner shall keep and maintain its Property (including all of the foregoing) in good and safe order and condition (subject to any and all covenants, obligations, rights and remedies of the Owners under the Environmental Indemnification Agreement and the Lease), and shall make all repairs therein and thereon, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, necessary to keep its Property in good and safe order and condition, however the necessity or desirability therefor may occur; provided, however, Motorola may at any time elect to abandon the Radio Tower Space and the Treatment Premises, upon removal of the improvements and personal property owned by Motorola in the Radio Tower Space and the Treatment Premises and any decontamination of the same and upon the performance of other actions required under applicable Legal Requirements (including, without limitation, any requirements under Environmental Law) or requirements under this Agreement, the Environmental Indemnification Agreement or the Lease; provided, further, at such time as the Treatment Premises are not required for the

Motorola Cleanup Operations, Motorola shall surrender the Treatment Premises within a reasonable time period from such time and must remove such improvements and personal property, decontaminate the Treatment Premises and perform such other required actions within a reasonable time period from such time. Each Owner shall neither suffer nor commit, and shall use all reasonable precaution to prevent, waste, damage or injury to the Property. As used in this Section 8.1, the term "repairs" shall include all necessary (a) replacements, (b) removals, (c) alterations and (d) additions. Notwithstanding any provision of this Agreement to the contrary, to the extent that SCI makes a specific request to Motorola pursuant to the easement to repair Pipes and Mains located at a designated area of the Motorola Property and to the extent that Motorola denies such easement rights to such designated area, Motorola shall have the obligation and agrees (i) to make all reasonable repairs, without unreasonable delay, to the Pipes and Mains located at such designated area to which such request was denied, provided, that, such repairs shall be reasonably necessary or appropriate for SCI's operation and use of its Property or (ii) to allow SCI to make such repairs with reasonable supervision of Motorola. Notwithstanding any provision of this Section 8.1, Motorola shall have the obligation (and not SCI) to conduct all activities associated with the Motorola Cleanup Operations (including, without limitation, any repairs and maintenance of the Remediation Equipment or within the Treatment Premises) on the Land subject to any and all covenants, obligations, rights and remedies of the Owners hereunder and the Environmental Indemnification Agreement.

8.2. FREE OF DIRT, SNOW, ETC. Each Owner shall keep clean and free from dirt, snow, ice, rubbish, obstructions and encumbrances or the sidewalks, grounds, parking areas, plazas, common areas, vaults, chutes, sidewalk hoists, railings, gutters, alleys, curbs or any other space located on its Property, or any of such areas or spaces adjacent to its Property for which such Owner has responsibility pursuant to applicable law.

8.3. TREATMENT PLANTS Motorola and SCI agree that it is in their mutual best interest for SCI to continue to use treated water from the Treatment Plants. Motorola agrees to furnish water from the Treatment Plants for SCI's use for cooling towers, scrubbers and other applicable industrial uses which may be identified by SCI. Motorola agrees that such water shall be suitable for the stated uses with respect to both quality and quantity. SCI agrees to use the water from Motorola for the stated uses and shall only use alternative sources of water to the extent Motorola cannot adequately satisfy its water needs either because of quantity or quality constraints. SCI and Motorola agree that water shall be deemed to be of suitable quality so long as it meets the treatment criteria specified in that certain Arizona ex rel. v Motorola, Inc. Civil Action 89-16807. Prior to utilizing alternative sources of water to satisfy the stated uses, and prior to significantly diminishing its use of the treated water, SCI shall provide reasonable notice to Motorola (which may be oral in the event of emergency), such reasonable notice not to be less than thirty days, unless SCI reasonably determines that a shorter notice period is required under the circumstances, of its desire to alter the quantity of water being provided by Motorola for its operations.

9. CHANGES, ALTERATIONS AND ADDITIONS

9.1. CAPITAL IMPROVEMENTS Subject to the terms hereof, each Owner may demolish, replace, restore, rebuild or materially alter its own Buildings, or any part thereof, or make any addition thereto or construct any additional buildings or improvements on its Property, (any such action being herein referred to as a "Capital Improvement"). Notwithstanding the foregoing, no Owner shall undertake any Capital Improvement which would materially and adversely impact the other Owner's rights on such other Owner's Property or cause the other Owner to be in material violation of any Legal Requirements (including, but not limited to, Environmental Laws or permits or otherwise draw an objection by U.S. EPA Region IX or ADEQ) without the consent of the other Owner. Further, SCI shall not undertake any Capital Improvement which would materially and adversely impact the operation of the Radio Tower without Motorola's consent; provided, however, Motorola and SCI agree to cooperate in good faith to determine a resolution to satisfy SCI's interests with respect to such Capital Improvement and Motorola's interests with respect to the Radio Tower. With respect to any Capital Improvement made by one Owner on the other Owner's Property, no Owner shall undertake any Capital Improvement on the other Owner's Property without the other Owner's consent which may be withheld in its sole discretion; provided, however, Motorola and SCI agree that Motorola shall have exclusive control of the Remediation Equipment and shall be solely responsible for and have the right under this Section 9 to the operation, maintenance, repair and replacement of the Remediation Equipment to the extent it would not constitute a Capital Improvement; provided, further, with respect to any proposed Capital Improvement involving the Remediation Equipment by Motorola, SCI shall consent to such Capital Improvement if it is shown that such Capital Improvement (i) is reasonably necessary in order to comply with any Legal Requirements (ii) does not materially increase the scope and nature of such Remediation Equipment and (iii) does not materially and adversely interfere with the use of the SCI Property; provided, further, with respect to any proposed Capital Improvement on or in the Subsurface Rights of the Main Parcel by SCI, Motorola shall consent to any penetrations of the Subsurface by footings, foundations, vaults, building pads and appurtenant building systems by Capital Improvements located on the Surface Rights of the Main Parcel (whether pursuant to new construction or settling) and Pipes and Mains constructed in the Subsurface Rights of the Main Parcel, all pursuant to easements granted pursuant to Article 13 of this Agreement; provided, however, that no such Capital Improvements pursuant to such easements will materially and adversely impact the Motorola Cleanup Operations or the operation of the Radio Tower unless Motorola consents to such Capital Improvement.

9.2. PROCEDURE The Owner seeking the Capital Improvement shall furnish to the other Owner a complete set of plans and specifications for the Capital Improvement but redacting therefrom any proprietary or confidential information (however, the Owner seeking the Capital Improvement shall generally describe such redacted plans and specifications to the extent reasonably necessary to enable the other Owner to ensure such planned improvements comply with the terms of this Agreement). The other Owner shall deliver to the Owner seeking the Capital Improvement an estoppel certificate in recordable form and in a form that is commercially reasonable and customary. The Owner seeking the Capital Improvement shall provide such other information as the other Owner may reasonably request. Once the estoppel certificate is delivered to the Owner seeking the Capital Improvement, there will be no further objections to the Capital Improvement unless the Capital Improvement is materially different

from the proposal. The Owner seeking the Capital Improvement shall have the right of specific performance against the other Owner to obtain the estoppel certificate. If the other Owner does not respond within 30 days from the request by the Owner seeking the Capital Improvement, the other Owner grants the Owner seeking the Capital Improvement power of attorney to execute an estoppel certificate. In addition, if the estoppel certificate states that the Owner seeking the Capital Improvement is not in compliance with this Section 9.1, the estoppel certificate must state the reasons why it is not in compliance in order to allow the Owner seeking the Capital Improvement an opportunity to cure its request, otherwise such Capital Improvement shall be deemed approved.

9.3. COOPERATION OF OWNERS Each Owner covenants and agrees at no cost or expense to the other Owner to join in the application for any permit, license, or authorization of all municipal departments and governmental authorities having jurisdiction thereof in connection with any Capital Improvement by either Owner permitted by the terms of this Agreement; provided, however, that such obligation of each Owner shall be governed by the provisions of Section 9.1.

10. APPLICABLE REQUIREMENTS

Subject to Section 3.2 of this Agreement, in connection with any restoration, maintenance, management and use of the Property and each Owner's performance of its obligations hereunder, each Owner shall comply in a timely manner with all applicable requirements (including, without limitation, all requirements under this Agreement, the Lease, the Environmental Indemnification Agreement and applicable Legal Requirements (including, without limitation Environmental Law) without regard to the nature of the work required to be done, whether extraordinary or ordinary, and whether requiring the removal of any encroachment, or affecting the maintenance, use or occupancy of the Property, or involving or requiring any structural changes or additions in or to the Property, and regardless of whether such changes or additions are required by reason of any particular use or manner of use to which the Property, or any part thereof may be put.

11. CREATION AND DISCHARGE OF LIENS

11.1. CREATION OF LIENS Each Owner shall neither create nor cause to be created (a) any lien, encumbrance or charge upon the other Owner's interest in the Property or part thereof, (b) any lien, encumbrance or charge upon any assets of, or funds appropriated to, the other Owner, or (c) any other matter or thing whereby the estate, rights and interest of the other Owner in and to its Property or any part thereof might be impaired. Subject to the foregoing limitations, each Owner shall have the right to create any lien, encumbrance or charge on or to execute Mortgages and collateral assignments of its interest in its Property and of leases, rents and profit, subject, in each case, to the other Owner's interest therein, grant security interests in the equipment subject to the other Owner's interest therein, enter into leases and perform any Capital Improvement as provided by, and in accordance with, the provisions of this Agreement; provided, however, Motorola shall not create any lien, encumbrance or charge on or execute Mortgages and collateral assignments of its interest in the Subsurface Rights of the Main

Parcel, the Intergrated Treatment Facility Parcel and the Pilot Treatment Plant Parcel and of leases, rents and profit.

11.2. DISCHARGE OF LIENS With respect to any government authority liens placed on the Motorola Property, Motorola agrees to use all reasonable efforts to either dispute or satisfy the lien in a timely manner or to otherwise take appropriate action which Motorola reasonably deems appropriate.

12. RESERVED

13. EASEMENTS AND RIGHTS

(a) Motorola hereby grants to SCI the rights referenced in Section 1.3(aaa) of this Agreement, including, without limitation, the right to lateral and subjacent support of the Surface Rights of the Main Parcel for any permitted use SCI elects to make of the Surface Rights of the Main Parcel and for the SCI Buildings and Capital Improvements that SCI may place on the Main Parcel.

(b) Motorola hereby grants to SCI the easements referenced in Section 1.3(aaa), including, without limitation, an easement over or in the Subsurface Rights for all existing and future roads, access, drainages, utilities (public or private) serving the SCI Buildings and for any footings and foundations of any SCI Buildings and Capital Improvements from time to time located on the Main Parcel in excess of one (1) foot below the lowest point of each of the SCI Buildings, including all future easements; provided, however, that no such Capital Improvements will materially and adversely impact the Motorola Cleanup Operations or the operation of the Radio Tower unless Motorola consents to such Capital Improvements.

(c) Motorola covenants from time to time as may be requested by SCI, to grant one or more easements in recordable form to the Subsurface Rights of the Main Parcel as are reasonably necessary in order to permit SCI (i) to access, maintain and repair, expand or replace the Pipes and Mains on the Subsurface Rights in accordance with Section 8.1 and (ii) to move and/or replace or install any of the Pipes and Mains to any portion of the Property as SCI deems appropriate from time to time; provided, however, that no such move and/or replacement will materially and adversely impact the Motorola Cleanup Operations or the operation of the Radio Tower unless Motorola consents to such move and/or replacement. SCI shall pay the reasonable fees and expenses incurred by Motorola in connection with the foregoing.

(d) SCI covenants from time to time as may be requested by Motorola to grant one or more easements to the Surface Rights of the Main Parcel as are reasonably necessary in order to permit Motorola to perform the Motorola Cleanup Operations (including to access its Remediation Equipment) and to operate the Radio Tower; provided, however, that no such access will materially and adversely impact SCI's use and operations of its Property unless SCI consents to such access. Motorola shall pay the reasonable fees and expenses incurred by SCI in connection with the foregoing.

(e) Motorola grants and gives to SCI, its affiliates, licensees, contractors, tenants, subtenants, agents, successors and assigns, an easement forever for the maintenance and repair of and access to the Pipes and Mains on all of the Subsurface Rights of the Main Parcel in accordance with Section 8.1 as SCI deems appropriate from time to time, with the right to reconstruct, improve, expand, replace, add to, and enlarge of any of the Pipes and Mains or to move or install any of the Pipes and Mains to any portion of the Property; provided, however, that no such move and/or replacement will materially and adversely impact the Motorola Cleanup Operations or the operation of the Radio Tower unless Motorola consents to such move and/or replacement.

(f) SCI grants and gives to Motorola, its affiliates, licensees, contractors, tenants, subtenants, agents, successors and assigns, an easement forever for the access to its Remediation Equipment, Radio Tower and Treatment Premises located on the Surface Rights of the Main Parcel in order to permit Motorola to perform the Motorola Cleanup Operations, to maintain and repair its Remediation Equipment and to operate, maintain and repair the Radio Tower; provided, however, that no such access will materially and adversely impact SCI's use and operations of its Property unless SCI consents to such access.

(g) The easements granted or to be granted hereunder apply, inter alia, to any emergency vehicles and personnel.

14. INDEMNIFICATION

14.1. OBLIGATION TO INDEMNIFY The provisions of this Section are subject to the indemnification provisions in the Environmental Indemnification Agreement and the Recap Agreement. To the fullest extent permitted by law, each Owner shall indemnify the other Owner and its Indemnitees (such Owner and its Indemnitees are collectively, the "Owner Indemnitees") for, and hold the Owner Indemnitees harmless from and against, any and all liabilities, suits, obligations, fines, damages (excluding consequential damages), penalties, claims, costs, charges and expenses (including without limitation, reasonable architects' and attorneys' fees and disbursements) that may be imposed upon or incurred by or asserted against the Owner Indemnitees by reason of any of the following:

(a) Alterations. Any Capital Improvement or any other work or act done by the indemnifying Owner, or parties claiming by, through or under the indemnifying Owner in, on or about the Property or any part thereof;

(b) Use. The use, non-use, possession, occupation, alteration, condition, operation, maintenance or management by the indemnifying Owner, or parties claiming by, through or under such Owner of all or any portion of the Property or of any street, alley, sidewalk, curb, vault, passageway or space comprising a part thereof or adjacent thereto subsequent the Commencement Date;

(c) Acts or Failure to Act. Any action or proceeding to which the Owner Indemnitees may be made a part by reason of any act performed by, or any failure to perform any act required to be performed by, the indemnifying Owner or any of its respective officers,

shareholders, directors, agents, contractors, servants, employees, licensees or invitees in connection with this Agreement;

(d) Accidents, Injury to Person or Property. Any accident, injury (including death at any time resulting therefrom) or damage to any Person or property occurring in, on or about the Property or any part thereof, or in, on or about any street, alley, sidewalk, curb, vault, passageway or space comprising a part thereof or adjacent thereto arising out of, in connection with or resulting from the negligence, gross negligence or intentional acts of the indemnifying Owner, its agents, employees, invitees, licensees and/or authorized representatives;

(e) Owner's Obligations. The indemnifying Owner's failure, within any applicable grace period, to perform or comply with any of the covenants, agreements, terms or conditions contained in this Agreement;

(f) Liens, Encumbrances or Claims Against Property. Any lien or claim created by the indemnifying Owner or any of its officers, agents, contractors, servants, employees, licensees or invitees that may be alleged to have arisen against or on the indemnified Owner's Property or any part thereof under the laws of the State of Arizona or any other governmental authority having jurisdiction thereof or any liability that may be asserted against the indemnified Owner with respect thereto.

14.2. WAIVER Motorola and SCI hereby waive all benefits and protections of Arizona Revised Statutes Sections 12-1641 to 12-1644 to the extent such statutes are ever deemed applicable to the agreements and transactions evidenced hereby.

15. PERMITTED USE; NO UNLAWFUL OCCUPANCY

15.1. TYPE OF USE SCI may use the SCI Property and Motorola may use the Motorola Property for any lawful purpose, except for: (i) a residential use, (ii) the manufacturing of chemicals as the primary product, (iii) a gas station, (iv) a refinery, (v) the manufacturing of petro-chemicals as the primary product or the bulk distribution of petro-chemicals or (vi) any use which generates PCE, TCE, TCA, DCA, DCE or vinyl chloride, unless the Owner who wants to use the Property for one of the excluded uses obtains the prior written consent of the other Owner as to the applicable excluded use, which consent may be given or withheld in its sole discretion; provided, however, to the extent that Motorola's use of the Subsurface Rights of the Main Parcel, the Remediation Equipment, the Pilot Treatment Plant Parcel and the Integrated Treatment Facility Parcel for the purpose of the Motorola Cleanup Operations violates any such limitations, the foregoing limitations shall not apply. Motorola and SCI agree that each Owner's use of its Property as of the Commencement Date does not violate any of the provisions of Section 15 of this Agreement. At such time as Motorola receives final approval from the relevant government authorities confirming completion of the Motorola Cleanup Operations, SCI may thereafter use the SCI Property and Motorola may thereafter use the Credit Union Parcel for any lawful purpose, and the foregoing excluded uses with respect to the SCI Property and the Credit Union Parcel shall be deemed deleted from this Agreement.

15.2. PROHIBITED USES Each Owner shall not use or occupy, nor permit or suffer the Property, or any part thereof, to be used or occupied for any unlawful or illegal business, use or purpose, in violation of Legal Requirements, including Environmental Laws, or which may make void or voidable any insurance then in force on the Property. Each Owner shall promptly upon the discovery of any such unlawful or illegal use take all necessary steps, legal and equitable, to cause the discontinuance of such use and to oust and remove any tenants, licensees, concessionaires or other occupants conducting such use.

15.3. RESTRICTION OF PUBLIC USE Each Owner shall not suffer or permit the Property or any portion thereof to be used by the public without restriction or in such manner as might reasonably tend to impair title to the Property or any portion thereof, or in such manner as might reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or of implied dedication of the Property or any portion thereof.

16. NOTICES

16.1. Whenever it is provided herein that notice, demand, request or other communication shall or may be given to or served upon either of the Owners by the other, and whenever either of the Owners shall desire to give or serve upon the other any notice, demand, request or other communication with respect hereto or to the Property, each such notice, demand, request or other communication shall be in writing (unless otherwise stated in this Agreement) and, any law or statute to the contrary notwithstanding, shall be effective for any purpose if given or served as follows:

(a) If by Motorola, by mailing the same to SCI by registered or certified mail, postage prepaid, return receipt requested, addressed to Semiconductor Components Industries, LLC, 5005 E. McDowell Road, Phoenix, AZ 85008, Attn: John Hackbarth, or at such other address as SCI may from time to time designate by notice given to Motorola by certified mail as aforesaid.

(b) If by SCI, by mailing the same to Motorola by registered or certified mail, postage prepaid, return receipt requested, addressed to Motorola, Inc., 3102 N. 56th Street, Phoenix, AZ 85018, Attn: Donald Netko or at such other address(es) and attorney as Motorola may from time to time designate by notice given to SCI by registered or certified mail, as aforesaid.

16.2. Every notice, demand, request or other communication hereunder shall be deemed to have been given or served (i) three (3) business days after the time that the same shall be deposited in the United States mails, postage prepaid, in the manner aforesaid and (ii) upon receipt when sent by facsimile machine or overnight courier.

17. RESERVED

18. DISPUTE RESOLUTIONS

18.1. NEGOTIATION

(a) Upon the occurrence of a dispute between the Owners with respect to any of the terms of this Agreement, either SCI or Motorola may by written notice to the other party and the Transaction Committee (the "Initial Notice") call for the consideration of such dispute by the Transaction Committee (as hereinafter defined). The Transaction Committee shall meet to discuss, review and attempt to resolve the dispute. The Transaction Committee may be assisted by other advisors, including accountants, attorneys, and employees, in its discussions and review. The "Transaction Committee" shall be determined on or within three (3) days following the Initial Notice by Motorola and SCI each selecting two (2) individuals who are familiar with the business to serve on such committee.

(b) If the Transaction Committee are unable to reach an agreement under clause (a) above within five (5) days of the Initial Notice, then each of Motorola and SCI shall call for a higher level resolution discussion, pursuant to which each of SCI and Motorola shall designate in writing by notice to the other party within three (3) days after the expiration of such five (5) day period a higher level management employee which shall be the chief executive officer of Semiconductor Product Sector of Motorola (or its applicable successor) or president of SCI, or an equivalent position, as the case may be, (a "High Level Management Employee") to discuss and attempt to resolve the dispute. Such High Level Management Employee may be assisted by other advisors, including accountants, attorneys, and employees, in his or her discussions and negotiations with the other party. SCI and Motorola agree to negotiate in good faith with one another for an additional period ending fifteen (15) days after the date of Initial Notice.

18.2. MEDIATION In the event the dispute remains unresolved after the passage of fifteen (15) days after the date of the Initial Notice, then both parties may attempt to settle any claim or controversy arising out of it through consultation and negotiation in good faith and a spirit of mutual cooperation. If those attempts fail, then the dispute will be mediated by a mutually-acceptable mediator to be chosen by Motorola and SCI (the "Mediator"). Neither Motorola nor SCI may unreasonably withhold consent to the selection of a mediator, and Motorola and SCI agree to share the costs of the mediation equally. The parties may also agree to replace mediation with some other form of alternative dispute resolution ("ADR"), such as neutral fact-finding or a minitrial. In any event the mediation shall follow the following procedures:

(a) meeting dates shall be set for two (2) days of meetings within ten (10) days after the respondent's answer is filed with the Mediator (the Mediator shall be advised of the schedule, and the availability of the Mediator shall be a pre-requisite to serving as the Mediator);

(b) each meeting date shall be as follows: 9:00 a.m. through 12:00 p.m. and 1:00 p.m. through 5:00 p.m. and the time allocated to each Owner shall be equal;

(c) no discovery shall be taken unless agreed to by the Owners hereto and the Mediator;

(d) the Mediator shall ask the Owners thereto to reach a decision within ten (10) days of the last meeting date; provided, however, the Owner may agree to extend such ten (10) day period.

18.3. CONFIDENTIALITY All mediation or ADR proceedings under this Article 18 shall be treated as confidential information that may not be disclosed in whole or in part by either Owner without the prior written consent of the other Owner. Any Mediator or ADR panel shall be bound by an agreement containing confidentiality provisions at least as restrictive as this Section 18.3.

18.4. EQUITABLE RELIEF The Owners expressly agree that nothing herein shall preclude either Owner from taking whatever actions are necessary to prevent immediate and irreparable harm to its interests. The Owners further agree that either Owner may file a complaint for statute of limitations or venue reasons to enforce any preliminary or injunctive relief ordered by the Mediator or ADR panel, if in its sole judgment such action is necessary. Notwithstanding the foregoing, the Owners will continue to participate in the negotiation and mediation process in good faith.

18.5. FAILURE OF MEDIATION AND NEGOTIATION Any dispute which we cannot resolve between Motorola and SCI through negotiation, mediation or other form of ADR within thirty (30) days of the date of the initial demand for it by either Motorola or SCI may then be submitted to a court of competent jurisdiction for specific performance, declaratory or injunctive relief, monetary damages (excluding consequential damages) or any other remedy provided by law. The use of any ADR procedures will not be construed under the doctrines of laches, waiver or estoppel to affect adversely the rights of either party, and nothing in this paragraph will prevent either SCI or Motorola from resorting to judicial proceedings if (a) good faith efforts to resolve the dispute under these procedures have been unsuccessful or (b) interim relief from a court is necessary to prevent serous and irreparable injury to one party or to others.

19. PURCHASE OPTION

19.1. PURCHASE OPTION SCI shall have ten (10) options (the "Purchase Option") to purchase all or any part of the Subsurface Rights, the Pilot Treatment Plant Parcel and the Integrated Treatment Facility Parcel (the "Purchase Option Property") at any time after the Commencement Date for a period of eighty-nine (89) years (the "Purchase Option Period") which Purchase Option Period shall expire on the 89th anniversary of the Commencement Date even if the other provisions of this Agreement are terminated earlier for any reason; provided, however, at the termination of the Purchase Option Period, the Purchase Option shall automatically renew for a period eighty-nine (89) years (the "Extended Purchase Option Period"). Such Purchase Option may be exercised on multiple occasions, each with respect to various portions of the Subsurface Rights, the Pilot Treatment Plant Parcel and the Integrated Treatment Facility Parcel, as SCI may elect from time to time; provided, however, after any exercise of the Purchase Option by SCI, any subsequent exercise of the Purchase Option by SCI may be exercised not less than 2 years from the previous exercise of the Purchase Option. The Purchase Option may only be exercised if SCI is not in default under any of the covenants or

restrictions of this Agreement at the time of exercising the Purchase Option beyond applicable grace and notice periods; provided, however, Motorola may waive any such default condition herein. Upon any exercise of the Purchase Option, SCI shall designate which Subsurface Rights, or portion of the Pilot Treatment Plant Parcel and the Integrated Treatment Facility Parcel SCI shall purchase in connection with such exercise by means of a legal or otherwise satisfactory description (which may or may not include a metes and bounds description) specifying the location of such Subsurface Rights or portion of the Pilot Treatment Plant Parcel and the Integrated Treatment Facility Parcel and depth restrictions, if any, included in such purchase of Subsurface Rights. Exercise may only be made by SCI or its successors or assigns strictly in accordance with the terms and conditions herein, and the purchase of the Subsurface Rights pursuant to the exercise of said option shall be at the "Option Price" set forth in Section 19.2 hereof, and in accordance with the terms and conditions set forth in this Section 19.1. Each provision contained in this Purchase Option which is subject to the laws or rules sometimes referred to as the rule against perpetuities or the rule prohibiting unreasonable restraints on alienation shall continue and remain in full force and effect for the period of twenty-one (21) years following the death of the last survivor of the members of the Senate and Assembly (Arizona House of Representatives) of the State of Arizona in office on the date of this Agreement and the now living children of said persons.

19.2. OPTION PRICE The Option Price shall be Ten Dollars ($10.00). Such price shall apply on each occasion on which the Purchase Option is exercised.

19.3. EXERCISE OF OPTION SCI agrees that it shall not exercise the Purchase Option at any time within the first five (5) years from the Commencement Date; provided, however, SCI may exercise the Purchase Option after such five (5) year period at any time during the Purchase Option Period or the Extended Purchase Option Period. Each time SCI exercises the Purchase Option, SCI shall deliver to Motorola, SCI's written notice of exercise of such option on or before the expiration of the Purchase Option Period or the Extended Purchase Option Period. Subject to the terms of this Section, upon receipt of notice of final approval from the relevant government authorities confirming completion of the Motorola Cleanup Operations, SCI shall have a period of three (3) month's time to conduct diligence of environmental conditions of all remaining Purchase Option Property of the Main Parcel. Such diligence shall be performed at SCI's cost, in a professional manner and in accordance with applicable good commercial or customary practices for sophisticated buyers. SCI may retain the services of a professional consultant reasonably acceptable to Motorola to perform all, or a portion of, such assessment. After such diligence is completed, SCI shall be obliged to exercise the Purchase Option as to all remaining Purchase Option Property; provided, however, SCI shall not be obliged to exercise the Purchase Option if after the completion of such diligence, SCI demonstrates that there exists an environmental condition related to the Subsurface Rights that may reasonably result in a liability pursuant to applicable Environmental Law to SCI of $250,000 or more (as adjusted in accordance with the consumer price index). In determining the magnitude of any such liability, SCI shall not consider any portion of an environmental condition that results from the acts or omissions of SCI or SCI Tenants or any liability to which SCI would be subject absent its purchase of the subsurface rights.

19.4. PAYMENT OF OPTION PRICE The Option Price shall be paid to Motorola by SCI at Purchase Option Closing (as defined in Section 19.5) by certified check or wire transfer to Motorola's designated bank account, providing "good and available funds" on the date of closing.

19.5. PURCHASE OPTION CLOSING Closing of said sale, pursuant to the aforementioned exercise of option ("Purchase Option Closing"), shall be not later than forty-five (45) days following the applicable Purchase Option Period or the Extended Purchase Option Period. All charges payable by SCI and all obligations of SCI hereunder accruing prior to Purchase Option Closing shall be paid, performed and complied with until such time as the full Option Price has been paid to Motorola. The customary credits or adjustments shall be made at Purchase Option Closing with respect to real estate taxes or other items. At Purchase Option Closing, Motorola shall deliver a Special Warranty Deed (covering only Motorola's actions during the term of this Agreement) conveying the designated Property and may reserve in such deed such easements and other interests in the designated Property as are reasonably necessary for the exercise by Motorola of the rights described in Articles 22 and 23 hereof, those required by Legal Requirements and any covenant reasonably necessary to notify successors of the Motorola Cleanup Operations and potential restrictions on development imposed by Legal Requirements, including Environmental Laws. With respect to any subdivision requirements, SCI and Motorola agree to cooperate (including, without limitation, each Owner's providing the relevant documents, financial information and personal information necessary to satisfy any subdivision requirements) with the appropriate governmental authorities in satisfying any subdivision requirements with respect to any exercise of the Purchase Option of all or any part of the Subsurface Rights of the Main Parcel. To the extent any plat of subdivision is required in connection with the foregoing, SCI shall pay the costs in connection therewith. The Main Parcel is adjacent to public streets and rights-of-way and perhaps publicly dedicated alleys. To the extent any street or alley is abandoned so that fee title to all or a portion of such street or alley reverts to the "owner" under applicable law, each Owner agrees that such land shall be split between the Owners into Surface Rights and Subsurface Rights as provided in this Agreement for the Main Parcel, subject to the Purchase Option and the Option to Lease Subsurface Rights granted pursuant to this Agreement. SCI may cause Motorola, for the purposes of dedications or condemnation actions, to directly convey the Purchase Option Property or any part thereof to a municipality, utility company or other condemning authority for ten dollars ($10) per dedication or conveyance, which shall be the exclusive consideration to be paid to Motorola for such property; provided, however, to the extent that (i) any fee dedication is required because of a proposed Capital Improvement by SCI and (ii) such fee dedication of the Subsurface Rights would materially and adversely impact the Motorola Cleanup Operations or operation of the Radio Tower, Motorola shall not be obliged to convey such fee dedication.

19.6. MISCELLANEOUS

(a) Time shall be of the essence in the performance of the terms and conditions of this option.

(b) At Purchase Option Closing, Motorola shall deliver to SCI and SCI shall deliver to Motorola the cash sums required in this Section 19.6 and such other agreements in recordable form which are contained herein and not contained in the Special Warranty Deed (covering only Motorola's actions during term of Agreement) to be delivered to SCI and which are to survive Purchase Option Closing.

(c) Motorola and SCI shall indemnify, defend and hold the other harmless from the claim of any broker or agent arising out of exercise of the Purchase Option.

19.7. PLEDGING OF THE PURCHASE OPTION SCI shall have the right to pledge or hypothecate its interest in the Purchase Option.

20. DEFAULT

20.1. DEFAULT In the event any Owner fails to perform any other provision of this Agreement, which failure continues for a period of thirty (30) days after receipt of written notice specifying the particulars of such failure, such failure shall constitute a default and the other Owner may thereafter act pursuant to Section 18 of this Agreement; provided, however, that the defaulting Owner shall not be deemed to be in default if such failure to perform cannot be rectified within said thirty (30) day period and such Owner is diligently proceeding to rectify the particulars of such failure, not to exceed sixty (60) days; provided, further, that in the event of an emergency, such failure shall be deemed a default if such failure is not rectified in a period reasonable for the nature and circumstances of such emergency.

20.2. REIMBURSEMENT BY SCI SCI shall reimburse Motorola upon demand for all reasonable costs and expenses (including without limitation, all attorneys' fees and disbursements) paid or incurred by Motorola in curing any Default after any required notice, or arising out of any indemnity and/or "hold harmless" agreement given or made by SCI to Motorola in this Agreement.

20.3. REIMBURSEMENT BY MOTOROLA Motorola shall reimburse SCI upon demand for all reasonable costs and expenses (including without limitation, attorneys' fees and disbursements) paid or incurred by SCI in curing any Default after any required notice, or arising out of any indemnity and/or "hold harmless" agreement given or made by Motorola to SCI in this Agreement.

21. MISCELLANEOUS

21.1. CAPTIONS/REFERENCES The captions of this Agreement are for convenience of reference only and in no way define, limit or describe the scope or intent of this Agreement or in any way affect this Agreement.

21.2. TABLE OF CONTENTS The Table of Contents is for the purpose of convenience of reference only and is not to be deemed or construed in any way as part of this Agreement or as supplemental thereto or amendatory thereof.

21.3. WAIVER, MODIFICATION, ETC. This Agreement cannot be changed or terminated orally, but only by an instrument in writing that is (i) executed by the Owner against whom enforcement of any waiver, change, modification or discharge is sought and (ii) recorded in the official records of Maricopa County, Arizona.

21.4. GOVERNING LAW This agreement shall be governed by and construed in accordance with the laws of the State of Arizona.

21.5. SUCCESSORS AND ASSIGNS The agreements, terms, covenants and conditions herein shall bind and inure to the benefit of Motorola and SCI and their respective successors and assigns.

21.6. RELATIONSHIP OF MOTOROLA AND SCI Nothing contained in this Agreement shall create nor be deemed to create a partnership or joint venture between Motorola and SCI.

21.7. THIRD PARTY BENEFICIARY Nothing contained herein is intended to be for, or to inure to, the benefit of any Person other than Motorola, SCI and the holders of any Mortgages and their respective successors and assigns, except as otherwise expressly provided in this Agreement. No Person other than Motorola is entitled, as a consequence of any term, condition, covenant or agreement contained in this Agreement or of SCI's failure to observe or perform the same, to seek, claim or recover damages or any other legal or equitable remedy against SCI.

21.8. COVENANTS RUN WITH THE LAND Each of the covenants, obligations, and restrictions on each Parcel shall be a burden on that Parcel, shall be appurtenant to and for the benefit of any of the other Parcels and each part thereof and shall run with the land.

21.9. DURATION The initial term of this Agreement shall be for eighty-nine (89) years from the date hereof; provided, however, the initial term shall automatically renew for an additional term of eighty-nine (89) years unless Motorola and SCI execute and deliver a mutual termination agreement that is recorded in the official records of Maricopa County, Arizona on or before the expiration of such initial term.

21.10. BREACH SHALL NOT PERMIT TERMINATION It is expressly agreed that no breach of this Agreement shall entitle any Owner to terminate this Agreement, but such limitation shall not affect in any manner any other rights or remedies which such Owner may have hereunder by reason of any breach of this Agreement. Any breach of this Agreement shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith for value, but this Agreement shall be binding upon and be effective against any Owner whose title is acquired by foreclosure, trustee's sale or otherwise.

21.11. SEVERABILITY If any term or provision of this Agreement or the application of it to any Person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to Person or circumstances, other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each

term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

21.12. RECORDATION This Agreement shall be recorded in the office of the recorder of the county in which the Facility is located.

22. RADIO TOWER

22.1. RADIO TOWER In the Deed, Motorola has reserved rights to the Radio Tower and Radio Tower Space.

22.2. MAINTENANCE AND OPERATION Motorola shall have to secure all necessary permits and approvals from the state, federal, municipal and other governmental authorities to operate, maintain, repair and replace the Radio Tower. Motorola shall maintain the Radio Tower in good repair and working condition, in accordance with applicable laws, ordinances, rules and regulations and in accordance with its obligations under Section 8 of this Agreement.

22.3. NON-INTERFERENCE WITH OPERATION OF RADIO TOWER SCI shall not in any way materially and adversely interfere with the operation of the Radio Tower by virtue of the use of its Buildings or its Capital Improvement or by any communications, electronic or other equipment, now or, in the future, located at the Facility, including the operation by SCI of radio, television or other electromagnetic radiation and reception facilities or AM or FM broadcasting and two-way radio and microwave transmission in and around the Facility. In the event such interference occurs, then SCI agrees, at its sole cost and expense, to eliminate such interference in a timely manner, not to exceed 48 hours following notice of such interference from the Motorola unless otherwise impracticable. If such interference cannot be eliminated within such period, SCI shall cease using the equipment causing such interference except for short tests intended to eliminate such interference unless otherwise reasonably impracticable or as otherwise required by law. Motorola agrees that the use and operation of the SCI Property as conducted by SCG Holding Corporation or SCI as of the Commencement Date does not constitute interference with the operation of the Radio Tower or otherwise violate the provisions of Section 22 of this Agreement.

22.4. UTILITIES/ACCESS Pursuant to the easement granted herein and subject to the terms of Section 8.1, SCI shall supply all electrical power and other utilities necessary for the normal operation of the Radio Tower, which utility supply shall be paid for by Motorola, but SCI shall not be required to provide standby generators or other emergency sources of power for the Radio Tower; provided, however, Motorola may, at its option, install such equipment at its expense on a portion of the SCI Property reasonably selected by SCI. SCI shall allow Motorola access to the Radio Tower Space and the Radio Tower at all times. SCI shall take reasonable steps to ensure Motorola has prompt access to the Radio Tower Space for emergency repairs.

22.5. INSURANCE Motorola shall maintain insurance coverages upon the Radio Tower or personal property of Motorola kept, stored and maintained within the Radio Tower Space against loss or damage by fire, windstorm or other casualties or causes in such amount as is sufficient to demolish and remove the Radio Tower and such personal property.

22.6. ASSIGNMENT OF RIGHTS TO THE RADIO TOWER Motorola may transfer or assign subject to all of the obligations to SCI any of its rights under Section 22 of this Agreement in any manner whatsoever; provided, however, before any such assignment or transfer Motorola shall give Tenant thirty (30) days written notice of any such assignment or transfer.

22.7. CASUALTY/CONDEMNATION In the event the Radio Tower shall be damaged by fire or other casualty rendering it unusable or taken by eminent domain, (i) Motorola shall be entitled to all portions of the award in the proceedings for the Radio Tower in the case of a condemnation and the insurance proceedings in the case of a casualty and (ii) Motorola may reconstruct the Radio Tower at another location on any portion of the SCI Property reasonably selected by SCI; provided, however, such reconstruction will be at Motorola's sole cost and expense.

22.8. RELOCATION RIGHTS OF SCI Upon reasonable prior written notice, SCI shall have the right to relocate the Radio Tower to any portion of the SCI Property reasonably selected by SCI provided all logistical and operational issues are addressed to the reasonable satisfaction of Motorola; provided, however, such Radio Tower after relocation shall be of the same quality of service and such relocation shall be at SCI's sole cost and expense.

23. MOTOROLA CLEANUP OPERATIONS

23.1. TREATMENT PLANTS AND RELATED CLEANUP ACTIVITIES Motorola shall have the sole ownership and control of the Treatment Plants, the Treatment Premises and the Remediation Equipment for the purpose of the Motorola Cleanup Operations. Motorola shall have reasonable access above, over, across, under and through the Property in order to maintain, repair and replace such Treatment Premises, Treatment Plants and Remediation Equipment for the purpose of the Motorola Cleanup Operations. SCI shall supply all utilities (electrical power, chilled water and phone service, sewer, sanitary facilities) for the normal operation of the Treatment Premises, Treatment Plants and the Remediation Equipment, which utility shall be paid for by Motorola, but SCI shall not be required to provide standby generators or other emergency sources of power for the Treatment Premises, Treatment Plants and the Remediation Equipment; provided, however, Motorola may, at its option, install such equipment at its expense on portions of the Property reasonably selected by SCI.

24. OPTION TO LEASE SUBSURFACE RIGHTS

24.1. OPTION TO LEASE SUBSURFACE RIGHTS Motorola hereby grants to SCI ten (10) options (the "Option to Lease Subsurface Rights") to lease any or all of the Subsurface Rights relating to the Main Parcel (the "Lease Option Property") at any time after the Commencement Date for a period of eighty-nine (89) years (the "Lease Option Period") which Lease Option Period shall expire on the 89th anniversary of the Commencement Date even if the other provisions of this Agreement are terminated earlier for any reason; provided, however, at the termination of the Lease Option Period, the Purchase Option shall automatically renew for a period eighty-nine (89) years (the "Extended Lease Option Period"). Such Option to Lease Subsurface Rights may be exercised on multiple occasions, each with respect to various

portions of such Subsurface Rights, as SCI may elect from time to time; provided, however, after any exercise of the Option to Lease Subsurface Rights by SCI, any subsequent exercise of the Option to Lease Subsurface Rights by SCI may be exercised not less than 2 years from the previous exercise of the Option to Lease Subsurface Rights.. Upon any exercise of the Option to Lease Subsurface Rights, SCI shall designate which Subsurface Rights SCI shall lease in connection with such exercise by means of a legal or otherwise satisfactory description (which may or may not include a metes and bounds description) specifying the location of such Subsurface Rights and depth restrictions, if any, included in such Subsurface Rights. Exercise may only be made by SCI or its successors or assigns strictly in accordance with the terms and conditions herein, and the rent payable under such lease (the "Lease Option Rent") shall be in accordance with Section 24.2. Upon such execution, such lease shall be for a term of ninety-nine (99) years and shall be subject to and substantially equivalent to all of the covenants, obligations and conditions of this Agreement. SCI may at its election require Motorola to execute a recordable memorandum of lease. Each provision contained in this Option to Lease Subsurface Rights which is subject to the laws or rules sometimes referred to as the rule against perpetuities or the rule prohibiting unreasonably restraints on alienation shall continue and remain in full force and effect for the period of twenty-one (21) years following the death of the last survivor of the members of the Senate and Assembly (Arizona House of Representatives) of the State of Arizona in office on the date of this Agreement and the now living children of said persons. To the extent any street or alley is abandoned so that fee title to all or a portion of such street or alley reverts to the "owner" under applicable law, each Owner agrees that such land shall be split between the Owners into Surface Rights and Subsurface Rights as provided in this Agreement for the Main Parcel, subject to the Purchase Option and the Option to Lease Subsurface Rights granted pursuant to this Agreement. SCI may cause Motorola, for the purposes of dedications or condemnation actions, to directly convey the Lease Option Property or any part thereof to a municipality, utility company or other condemning authority for ten dollars ($10) per dedication or conveyance, which shall be the exclusive consideration to be paid to Motorola for such property; provided, however, to the extent that (i) any fee dedication is required because of a proposed Capital Improvement by SCI and (ii) such fee dedication of the Subsurface Rights would materially and adversely impact the Motorola Cleanup Operations or operation of the Radio Tower, Motorola shall not be obliged to convey such fee dedication.

24.2. LEASE OPTION RENT The Lease Option Rent shall be Ten Dollars ($10.00) per annum.

24.3. EXERCISE OF OPTION SCI agrees that it shall not exercise the Option to Lease Subsurface Rights at any time within the first five (5) years from the Commencement Date; provided, however, SCI may exercise the Purchase Option after such five (5) year period at any time during the Lease Option Period or the Extended Lease Option Period; provided, further, SCI may exercise the Option to Lease Subsurface Rights if, for any reason, SCI may not utilize any of its rights pursuant to any easement granted or to be granted in this Agreement. Each time SCI exercises its Option to Lease Subsurface Rights, SCI shall deliver to Motorola its written notice of exercise of such option.

24.4. PLEDGING OF THE OPTION TO LEASE SUBSURFACE RIGHTS SCI shall have the right to pledge or hypothecate its interest in the Option to Lease Subsurface Rights.

IN WITNESS WHEREOF, Motorola and SCI have executed this Agreement as of the day and year first above written.

MOTOROLA, INC., a Delaware corporation

By: /s/ Carl F. Koenemann

Name: Carl F. Koenemann

Title: Executive Vice-President and Chief Financial Officer

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC, a Delaware limited liability company

By: /s/ Theodore W. Schaffner

Name: Theodore W. Schaffner

Title: Vice-President

STATE OF Illinois)
)ss.:
COUNTY OF Cook)

On the 31st day of July, 1999, before me personally came Carl F. Koenemann, to me known, who, being by me duly sworn, did depose and say that s/he resides at _____; that he is the Executive VP and Chief Financial Officer of the MOTOROLA, INC., the corporation described in and which executed the foregoing instrument; that s/he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

/s/ Colleen Roe-Valleau

Notary Public

OFFICIAL SEAL
COLLEEN ROE-VALLEAU
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 10/02/02

STATE OF Illinois)
)ss.:
COUNTY OF Cook)

On the 31st day of July, 1999, before me personally came Theodore W. Schaffner, to me known, who, being by me duly sworn, did depose and say that s/he resides at _____; that s/he is the President of SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC, the limited liability company described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

/s/ Colleen Roe-Valleau

Notary Public

OFFICIAL SEAL
COLLEEN ROE-VALLEAU
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 10/02/02

SCHEDULE 1

SCI BUILDINGS

DETAILED DESCRIPTION OF BUILDINGS AND FIXTURES

The Buildings shall consist of those buildings located upon those portions of the Main Parcel legally described on Schedule 1-A:

(a) the buildings legally described on Schedule 1-A are commonly known as:

Building A	Building BA	Building W	Building AG
Building B	Building BB	Building R	
Building C	Building BC	Building V2	
Building D	Building Z	Building A-D	
Building E	Building P	Building A-E	
Building H	Building U	Building A-A	

and all buildings, structures, and other improvements now or hereafter constructed, erected, installed, placed or situated upon or underlying the Surface Rights;

(b) all fixtures of every kind, nature or description attached or affixed to or situated upon or within the Surface Rights or Buildings, including, but not limited to, systems, facilities, utilities, machinery, equipment and conduits to provide fire protection, security, heat, exhaust, ventilation, air conditioning, electric power, light, plumbing, refrigeration, gas, sewer and water which are ancillary to or comprising a component of or otherwise providing services to such Buildings.

SCHEDULE 1-A

LEGAL DESCRIPTIONS OF THE BUILDINGS

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING A

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 119.70 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 785.19 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)03'25" EAST, A DISTANCE OF 260.30 FEET;

THENCE NORTH 89(degrees)56'05" WEST, A DISTANCE OF 283.07 FEET;

THENCE NORTH 00(degrees)03'55" EAST, A DISTANCE OF 242.04 FEET;

THENCE SOUTH 89(degrees)53'46" EAST, A DISTANCE OF 120.22 FEET;

THENCE NORTH 00(degrees)12'43" EAST, A DISTANCE OF 18.18 FEET;

THENCE SOUTH 89(degrees)59'36" EAST, A DISTANCE OF 162.25 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 71,398 SQUARE FEET OR 1.64 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING A-A

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER OF SAID SECTION 5, FROM WHICH THE NORTH QUARTER CORNER OF SAID SECTION 5 BEARS NORTH 00(degrees)19'00" WEST, A DISTANCE OF 2637.56 FEET;

THENCE SOUTH 00(degrees)20'12" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 115.26 FEET;

THENCE SOUTH 89(degrees)39'48" WEST, LEAVING SAID MIDSECTION LINE, A DISTANCE OF 896.26 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 89(degrees)39'15" WEST, A DISTANCE OF 330.62 FEET;

THENCE NORTH 00(degrees)20'45" WEST, A DISTANCE 243.40 FEET;

THENCE NORTH 89(degrees)39'15" EAST, A DISTANCE OF 331.17 FEET;

THENCE SOUTH 00(degrees)12'57" EAST, A DISTANCE OF 243.40 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 80,541 SQUARE FEET OR 1.85 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING A-D

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER OF SAID SECTION 5, FROM WHICH THE NORTH WEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 2104.92 FEET;

THENCE SOUTH 89(degrees)41'00" WEST, LEAVING SAID MIDSECTION LINE, A DISTANCE OF 885.32 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)04'10" WEST, A DISTANCE OF 59.25 FEET;

THENCE SOUTH 89(degrees)55'50" EAST, A DISTANCE 20.41 FEET;

THENCE SOUTH 00(degrees)04'10" WEST, A DISTANCE OF 98.88 FEET;

THENCE NORTH 89(degrees)55'50" WEST, A DISTANCE OF 19.42 FEET;

THENCE SOUTH 00(degrees)04'10" WEST, A DISTANCE OF 73.21 FEET;

THENCE NORTH 89(degrees)55'50" WEST, A DISTANCE OF 139.95 FEET;

THENCE SOUTH 00(degrees)59'34" EAST, A DISTANCE OF 48.99 FEET;

THENCE NORTH 89(degrees)55'50" WEST, A DISTANCE OF 202.74 FEET;

THENCE NORTH 00(degrees)04'10" EAST, A DISTANCE OF 120.63 FEET;

THENCE SOUTH 89(degrees)55'50" EAST, A DISTANCE OF 200.89 FEET;

THENCE NORTH 00(degrees)04'10" EAST, A DISTANCE OF 79.47 FEET;

THENCE NORTH 89(degrees)55'50" WEST, A DISTANCE OF 119.67 FEET;

THENCE NORTH 00(degrees)04'10" EAST, A DISTANCE OF 81.23 FEET;

THENCE SOUTH 89(degrees)55'50" EAST, A DISTANCE OF 259.67 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 68,654 SQUARE FEET OR 1.58 ACRES.

[SEAL]

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING A-E

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 2222.57 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 486.36 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)28'35" EAST, A DISTANCE OF 475.16 FEET;

THENCE SOUTH 89(degrees)38'22" WEST, A DISTANCE 234.62 FEET;

THENCE NORTH 00(degrees)28'35" WEST, A DISTANCE OF 474.68 FEET;

THENCE NORTH 89(degrees)31'25" EAST, A DISTANCE OF 234.61 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 111,423 SQUARE FEET OR 2.56 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING A-G

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTH QUARTER CORNER OF SAID SECTION 5 BEARS NORTH 00(degrees)19'00" WEST, A DISTANCE OF 2637.56 FEET;

THENCE SOUTH 00(degrees)20'12" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 256.42 FEET;

THENCE SOUTH 89(degrees)39'48" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 502.10 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)04'11" WEST, A DISTANCE OF 54.98 FEET;

THENCE NORTH 89(degrees)55'49" WEST, A DISTANCE 88.74 FEET;

THENCE NORTH 00(degrees)04'11" EAST, A DISTANCE OF 54.98 FEET;

THENCE SOUTH 89(degrees)55'49" EAST, A DISTANCE OF 88.74 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 4,879 SQUARE FEET OR 0.11 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING B

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 136.08 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 1067.83 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)03'55" WEST, A DISTANCE OF 242.04 FEET;

THENCE NORTH 89(degrees)56'05" WEST, A DISTANCE 181.76 FEET;

THENCE NORTH 00(degrees)03'28" WEST, A DISTANCE OF 241.31 FEET;

THENCE NORTH 89(degrees)50'09" EAST, A DISTANCE OF 182.28 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 43,989 SQUARE FEET OR 1.01 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING BA

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 494.28 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 592.11 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)22'37" WEST, A DISTANCE OF 81.02 FEET;

THENCE NORTH 89(degrees)26'49" WEST, A DISTANCE 41.10 FEET;

THENCE NORTH 00(degrees)22'37" EAST, A DISTANCE OF 80.89 FEET;

THENCE SOUTH 89(degrees)37'23" EAST, A DISTANCE OF 41.10 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 3,328 SQUARE FEET OR 0.08 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING BB

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 621.38 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 593.65 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE NORTH 89(degrees)37'23" WEST, A DISTANCE OF 36.56 FEET;

THENCE NORTH 00(degrees)22'37" WEST, A DISTANCE 46.09 FEET;

THENCE SOUTH 89(degrees)37'23" EAST, A DISTANCE OF 36.56 FEET;

THENCE SOUTH 00(degrees)22'37" WEST, A DISTANCE OF 46.09 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 1,685 SQUARE FEET OR 0.04 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING BC

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 671.37 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 1,032.53 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)20'48" WEST, A DISTANCE OF 63.54 FEET;

THENCE NORTH 89(degrees)05'42" WEST, A DISTANCE 16.57 FEET;

THENCE NORTH 00(degrees)00'17" EAST, A DISTANCE OF 63.35 FEET;

THENCE SOUTH 89(degrees)46'48" EAST, A DISTANCE OF 16.94 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 1,063 SQUARE FEET OR 0.02 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING C

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 314.23 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 704.42 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)01'24" EAST, A DISTANCE OF 106.37 FEET;

THENCE NORTH 89(degrees)35'36" WEST, A DISTANCE 81.60 FEET;

THENCE NORTH 00(degrees)03'25" WEST, A DISTANCE OF 105.90 FEET;

THENCE SOUTH 89(degrees)55'43" EAST, A DISTANCE OF 81.66 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 8,663 SQUARE FEET OR 0.20 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING D
LEGAL DESCRIPTION

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 379.99 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 786.37 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)03'25" EAST, A DISTANCE OF 240.03 FEET;

THENCE NORTH 89(degrees)53'48" WEST, A DISTANCE 41.00 FEET;

THENCE SOUTH 00(degrees)11'25" WEST, A DISTANCE OF 82.15 FEET;

THENCE SOUTH 89(degrees)33'52" EAST, A DISTANCE OF 40.52 FEET;

THENCE SOUTH 00(degrees)14'01" WEST, A DISTANCE OF 36.13 FEET;

THENCE NORTH 89(degrees)40'28" WEST, A DISTANCE OF 39.58 FEET;

THENCE SOUTH 01(degrees)32'04" WEST, A DISTANCE OF 3.64 FEET;

THENCE NORTH 89(degrees)30'44" EAST, A DISTANCE OF 31.23 FEET;

THENCE NORTH 00(degrees)08'57" EAST, A DISTANCE OF 43.47 FEET;

THENCE SOUTH 89(degrees)50'52" WEST, A DISTANCE OF 9.79 FEET;

THENCE NORTH 00(degrees)01'33" EAST, A DISTANCE OF 31.13 FEET;

THENCE NORTH 89(degrees)56'43" WEST, A DISTANCE OF 88.21 FEET;

THENCE NORTH 00(degrees)05'50" EAST, A DISTANCE OF 9.51 FEET;

THENCE SOUTH 89(degrees)49'58" WEST, A DISTANCE OF 11.94 FEET;

THENCE NORTH 00(degrees)19'14" WEST, A DISTANCE OF 38.25 FEET;

THENCE SOUTH 89(degrees)48'15" WEST, A DISTANCE OF 140.81 FEET;

THENCE NORTH 00(degrees)01'11" WEST, A DISTANCE OF 240.15 FEET;

THENCE SOUTH 89(degrees)56'05" EAST, A DISTANCE OF 322.48 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 87,962 SQUARE FEET OR 2.02 ACRES.

[SEAL]

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING E
LEGAL DESCRIPTION

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5 AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 599.73 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 1110.00 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 89(degrees)58'49" WEST, A DISTANCE OF 151.58 FEET;

THENCE NORTH 00(degrees)00'25" WEST, A DISTANCE 116.39 FEET;

THENCE SOUTH 88(degrees)37'56" WEST, A DISTANCE OF 6.95 FEET;

THENCE NORTH 00(degrees)02'18" EAST, A DISTANCE OF 105.72 FEET;

THENCE SOUTH 89(degrees)59'52" EAST, A DISTANCE OF 158.39 FEET;

THENCE SOUTH 00(degrees)01'11" EAST, A DISTANCE OF 221.89 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 34,361 SQUARE FEET OR 0.79 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING H
LEGAL DESCRIPTION

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 486.99 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 652.84 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)13'14" EAST, A DISTANCE OF 78.00 FEET;

THENCE SOUTH 89(degrees)46'46" WEST, A DISTANCE 33.24 FEET;

THENCE NORTH 00(degrees)13'14" WEST, A DISTANCE OF 18.00 FEET;

THENCE SOUTH 89(degrees)46'56" WEST, A DISTANCE OF 52.72 FEET;

THENCE NORTH 00(degrees)12'58" WEST, A DISTANCE OF 60.00 FEET;

THENCE NORTH 89(degrees)46'52" WEST, A DISTANCE OF 85.95 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 5,756 SQUARE FEET OR 0.13 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING P
LEGAL DESCRIPTION

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 1252.31 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 652.60 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE NORTH 89(degrees)49'41" WEST, A DISTANCE OF 620.46 FEET;

THENCE NORTH 00(degrees)07'04" WEST, A DISTANCE 354.89 FEET;

THENCE NORTH 89(degrees)52'56" EAST, A DISTANCE OF 161.99 FEET;

THENCE NORTH 00(degrees)07'04" WEST, A DISTANCE OF 24.35 FEET;

THENCE NORTH 89(degrees)52'56" EAST, A DISTANCE OF 22.55 FEET;

THENCE SOUTH 00(degrees)07'04" EAST, A DISTANCE OF 43.72;

THENCE NORTH 89(degrees)52'56" EAST, A DISTANCE OF 22.93 FEET;

THENCE NORTH 00(degrees)07'04" WEST, A DISTANCE OF 18.46 FEET;

THENCE NORTH 89(degrees)52'56" EAST, A DISTANCE OF 15.14 FEET;

THENCE NORTH 00(degrees)06'44" WEST, A DISTANCE OF 41.60 FEET;

THENCE NORTH 21(degrees)30'15" WEST, A DISTANCE OF 8.07 FEET;

THENCE NORTH 67(degrees)02'45" EAST, A DISTANCE OF 15.90 FEET;

THENCE SOUTH 17(degrees)08'31" EAST, A DISTANCE OF 14.20 FEET;

THENCE SOUTH 89(degrees)50'43" EAST, A DISTANCE OF 141.64 FEET;

THENCE SOUTH 00(degrees)10'19" WEST, A DISTANCE OF 41.45 FEET;

THENCE SOUTH 89(degrees)49'41" EAST, A DISTANCE OF 32.66 FEET;

THENCE SOUTH 00(degrees)10'19" WEST, A DISTANCE OF 15.37 FEET;

THENCE SOUTH 89(degrees)59'03" EAST, A DISTANCE OF 179.10 FEET;

THENCE SOUTH 00(degrees)10'19" WEST, A DISTANCE OF 272.97 FEET;

THENCE SOUTH 89(degrees)49'41" EAST, A DISTANCE OF 30.58 FEET;

THENCE SOUTH 00(degrees)10'19" WEST, A DISTANCE OF 67.64 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 216,152 SQUARE FEET OR 4.96 ACRES.

[SEAL]

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING R
LEGAL DESCRIPTION

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 1390.66 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 1197.62 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)25'37" EAST, A DISTANCE OF 24.34 FEET;

THENCE SOUTH 89(degrees)45'34" WEST, A DISTANCE 23.98 FEET;

THENCE NORTH 00(degrees)37'28" WEST, A DISTANCE OF 24.23 FEET;

THENCE NORTH 89(degrees)29'27" EAST, A DISTANCE OF 24.06 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 583.79 SQUARE FEET OR 0.01 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING U
LEGAL DESCRIPTION

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 1132.75 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 70.22 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 89(degrees)56'20" WEST, A DISTANCE OF 199.93 FEET;

THENCE NORTH 00(degrees)03'40" WEST, A DISTANCE OF 101.87 FEET;

THENCE NORTH 89(degrees)56'20" EAST, A DISTANCE OF 38.60 FEET;

THENCE NORTH 00(degrees)03'40" WEST, A DISTANCE OF 23.48 FEET;

THENCE NORTH 89(degrees)56'20" EAST, A DISTANCE OF 25.71 FEET;

THENCE SOUTH 00(degrees)03'40" EAST, A DISTANCE OF 23.08 FEET;

THENCE NORTH 89(degrees)56'20" EAST, A DISTANCE OF 94.36 FEET;

THENCE NORTH 00(degrees)03'40" WEST, A DISTANCE OF 23.31 FEET;

THENCE NORTH 89(degrees)56'20" EAST, A DISTANCE OF 25.52 FEET;

THENCE SOUTH 00(degrees)03'40" EAST, A DISTANCE OF 23.12 FEET;

THENCE NORTH 89(degrees)56'20" EAST, A DISTANCE OF 15.62 FEET;

THENCE SOUTH 00(degrees)03'40" EAST, A DISTANCE OF 51.28 FEET;

THENCE NORTH 89(degrees)56'20" EAST, A DISTANCE OF 5.84 FEET;

THENCE SOUTH 00(degrees)03'40" EAST, A DISTANCE OF 23.85 FEET;

THENCE NORTH 89(degrees)56'20" WEST, A DISTANCE OF 5.73 FEET;

THENCE SOUTH 00(degrees)03'40" EAST, A DISTANCE OF 27.33 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 21,753 SQUARE FEET OR 0.50 ACRES.

[SEAL]

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING V2
LEGAL DESCRIPTION

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 1440.99 FEET;

THENCE SOUTH 89(degrees)41'00" WEST, LEAVING SAID MIDSECTION LINE, A DISTANCE OF 1116.57 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)17'10" WEST, A DISTANCE OF 19.40 FEET;

THENCE NORTH 89(degrees)42'50" WEST, A DISTANCE OF 16.92 FEET;

THENCE NORTH 00(degrees)17'08" EAST, A DISTANCE OF 19.40 FEET;

THENCE SOUTH 89(degrees)42'50" EAST, A DISTANCE OF 16.92 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 328 SQUARE FEET OR 0.01 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING W
LEGAL DESCRIPTION

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5 AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 1,318.27 FEET;

THENCE SOUTH 89(degrees)41'00" WEST, LEAVING SAID MIDSECTION LINE, A DISTANCE OF 682.38 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 00(degrees)01'01" WEST, A DISTANCE OF 161.46 FEET;

THENCE SOUTH 89(degrees)58'39" WEST, A DISTANCE OF 282.97 FEET;

THENCE NORTH 00(degrees)01'58" EAST, A DISTANCE OF 161.59 FEET;

THENCE SOUTH 89(degrees)59'41" EAST, A DISTANCE OF 282.92 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 45,703 SQUARE FEET OR 1.05 ACRES.

[LETTERHEAD OF DEI PROFESSIONAL SERVICES]

[SEAL]

JULY 30, 1999
DEI #99135

MOTOROLA
52ND STREET FACILITY
BUILDING Z
LEGAL DESCRIPTION

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 541.52 FEET;

THENCE SOUTH 89(degrees)41'00" WEST LEAVING SAID MIDSECTION LINE, A DISTANCE OF 341.57 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 89(degrees)42'23" WEST, A DISTANCE OF 72.38 FEET;

THENCE SOUTH 00(degrees)17'37" EAST, A DISTANCE OF 5.03 FEET;

THENCE NORTH 89(degrees)42'23" EAST, A DISTANCE OF 6.50 FEET;

THENCE SOUTH 00(degrees)17'37" EAST, A DISTANCE OF 18.00 FEET;

THENCE SOUTH 89(degrees)42'23" WEST, A DISTANCE OF 23.00 FEET;

THENCE NORTH 00(degrees)17'37" WEST, A DISTANCE OF 18.00 FEET;

THENCE NORTH 89(degrees)42'23" EAST, A DISTANCE OF 6.50 FEET;

THENCE NORTH 00(degrees)17'37" WEST, A DISTANCE OF 5.03 FEET;

THENCE NORTH 86(degrees)44'53" EAST, A DISTANCE OF 63.13 FEET;

THENCE NORTH 00(degrees)17'37" EAST, A DISTANCE OF 153.00 FEET;

THENCE NORTH 89(degrees)42'23" EAST, A DISTANCE OF 72.38 FEET;

THENCE NORTH 00(degrees)17'37" EAST, A DISTANCE OF 5.03 FEET;

THENCE NORTH 89(degrees)42'23" WEST, A DISTANCE OF 6.50 FEET;

THENCE NORTH 00(degrees)17'37" EAST, A DISTANCE OF 18.00 FEET;

THENCE SOUTH 89(degrees)42'23" EAST, A DISTANCE OF 23.00 FEET;

THENCE SOUTH 00(degrees)17'37" WEST, A DISTANCE OF 18.00 FEET;

THENCE NORTH 89(degrees)42'23" WEST, A DISTANCE OF 6.50 FEET;

THENCE SOUTH 00(degrees)17'37" WEST, A DISTANCE OF 5.03 FEET;

THENCE NORTH 89(degrees)42'23" EAST, A DISTANCE OF 72.38 FEET;

THENCE SOUTH 00(degrees)17'38" EAST, A DISTANCE OF 152.90 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

SAID PARCEL CONTAINS 24,600 SQUARE FEET OR 0.56 ACRES.

[SEAL]

SCHEDULE 2

MOTOROLA BUILDINGS

All of the buildings located on the Credit Union Parcel, the Pilot Treatment Plant Parcel and the Integrated Treatment Facility Parcel.

EXHIBIT A

Description of Land

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 5, FROM WHICH THE NORTH WEST CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" WEST, A DISTANCE OF 2662.22 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG THE MIDSECTION LINE OF SAID SECTION 5, AND THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 295.50 FEET;

THENCE SOUTH 89(degrees)59'28" WEST, LEAVING SAID MIDSECTION LINE, A DISTANCE OF 52.00 FEET TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF SAID 52ND STREET, SAID POINT ALSO BEING THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 89(degrees)59'28" WEST, LEAVING SAID WEST RIGHT-OF-WAY LINE, ALONG THE NORTH LINE OF AN EASEMENT AS SET FORTH ON PLAT FOR MOTOROLA INC., PER BOOK 110 OF MAPS, PAGE 10, RECORDS OF MARICOPA COUNTY, A DISTANCE OF 317.73 FEET;

THENCE SOUTH 00(degrees)22'16" EAST, LEAVING SAID NORTH EASEMENT LINE, A DISTANCE OF 20.00 FEET TO A POINT ON THE SOUTH LINE OF SAID EASEMENT;

THENCE NORTH 89(degrees)59'28" EAST, ALONG SAID SOUTH EASEMENT LINE, A DISTANCE OF 317.71 FEET TO A POINT ON SAID WEST RIGHT-OF-WAY LINE OF 52ND STREET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG SAID WEST RIGHT-OF-WAY AND ALONG A LINE PARALLEL TO AND 52 FEET WEST OF SAID MONUMENT LINE OF 52ND STREET, A DISTANCE OF 428.12 FEET;

THENCE SOUTH 89(degrees)41'00" WEST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 20.00 FEET;

THENCE SOUTH 47(degrees)53'15" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 42.25 FEET;

THENCE SOUTH 04(degrees)14'34" WEST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 140.67 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, AND ALONG A LINE PARALLEL TO AND 52 FEET WEST OF SAID MONUMENT LINE OF 52ND STREET, A DISTANCE OF 401.08 FEET;

THENCE SOUTH 89(degrees)47'20" WEST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 9.00 FEET;

THENCE SOUTH 45(degrees)15'50" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 29.73 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, AND ALONG A LINE PARALLEL TO AND 40 FEET WEST OF SAID MONUMENT LINE OF 52ND STREET, A DISTANCE OF 132.07 FEET;

THENCE SOUTH 04(degrees)15'26" WEST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 150.48 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, AND ALONG A LINE PARALLEL TO AND 52 FEET WEST OF SAID MONUMENT LINE OF 52ND STREET, A DISTANCE OF 374.08 FEET;

THENCE SOUTH 89(degrees)46'00" WEST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 9.00 FEET;

THENCE SOUTH 45(degrees)16'30" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 29.72 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, AND ALONG A LINE PARALLEL TO AND 40 FEET WEST OF SAID MONUMENT LINE OF 52ND STREET, A DISTANCE OF 364.00 FEET;

THENCE SOUTH 05(degrees)21'03" WEST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 121.51 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, AND ALONG A LINE PARALLEL TO AND 52 FEET WET OF SAID MONUMENT LINE OF 52ND STREET, A DISTANCE OF 141.29 FEET TO A POINT ON THE SOUTH LINE OF THE NORTH WEST QUARTER OF SAID SECTION 5;

THENCE SOUTH 44(degrees)41'43" WEST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 32.51 FEET;

THENCE SOUTH 89(degrees)39'48" WEST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 5.00 FEET;

THENCE SOUTH 00(degrees)20'21" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 53.00 FEET;

THENCE NORTH 89(degrees)42'57" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 28.00 FEET;

THENCE SOUTH 00(degrees)20'12" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 17.23 FEET;

THENCE NORTH 89(degrees)39'48" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 12.00 FEET;

THENCE SOUTH 00(degrees)20'12" EAST, CONTINUING ALONG SAID WEST RIGHT-OF-WAY, ALONG A LINE PARALLEL TO AND 40 FEET WEST OF SAID MONUMENT LINE OF 52ND STREET, A DISTANCE OF 483.00 FEET;

THENCE SOUTH 44(degrees)01'12" WEST, LEAVING SAID WEST RIGHT-OF-WAY, A DISTANCE OF 28.04 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY OF ROOSEVELT STREET;

THENCE SOUTH 89(degrees)46'21" WEST, ALONG SAID NORTH RIGHT-OF-WAY, A DISTANCE OF 1213.62 FEET;

THENCE NORTH 45(degrees)19'11" WEST, LEAVING SAID NORTH RIGHT-OF-WAY, A DISTANCE OF 15.58 FEET TO A POINT ON THE EAST RIGHT-OF-WAY OF 50TH STREET;

THENCE NORTH 00(degrees)24'42" WEST, ALONG SAID EAST RIGHT-OF-WAY, A DISTANCE OF 584.08 FEET, TO A POINT ON THE SAID SOUTH LINE OF THE NORTHWEST QUARTER OF SECTION 5;

THENCE NORTH 00(degrees)25'31" EAST, LEAVING SAID SOUTH SECTION LINE AND ALONG SAID EAST RIGHT-OF-WAY, A DISTANCE OF 33.00 FEET TO A POINT ON SAID NORTH LINE OF ROOSEVELT STREET;

THENCE SOUTH 89(degrees)42'57" WEST, ALONG SAID NORTH RIGHT-OF-WAY, A DISTANCE OF 41.00 FEET; THENCE SOUTH 00(degrees)25'31" EAST, CONTINUING ALONG SAID NORTH RIGHT-OF-WAY, A DISTANCE OF 3.00 FEET;

THENCE SOUTH 89(degrees)42'57" WEST, CONTINUING ALONG SAID NORTH RIGHT-OF-WAY, A DISTANCE OF 413.36 FEET TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF 49TH PLACE;

THENCE NORTH 00(degrees)33'56" WEST, ALONG SAID EAST RIGHT-OF-WAY, A DISTANCE OF 1224.55 FEET TO A POINT OF CURVATURE OF A TANGENT CURVE CONCAVE TO THE EAST, HAVING A RADIUS OF 11.93 FEET;

THENCE NORTHEASTERLY, LEAVING SAID EAST RIGHT-OF-WAY, ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90(degrees)21'16", A DISTANCE OF 18.81 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF CULVER STREET;

THENCE NORTH 89(degrees)47'20" EAST, ALONG SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 281.43 FEET;

THENCE NORTH 00(degrees)12'40" WEST, LEAVING SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 30.00 FEET;

THENCE NORTH 89(degrees)47'20" EAST, A DISTANCE OF 130.85 FEET TO A POINT WHICH BEARS NORTH 89(degrees)47'20" EAST, A DISTANCE OF 8.00 FEET FROM THE SOUTHWEST CORNER OF GLO LOT 3 OF SAID SECTION 5;

THENCE NORTH 00(degrees)25'31" WEST, ALONG THE WEST LINE OF PARCEL A AS SET FORTH IN SAID PLAT FOR MOTOROLA, INC., PER BOOK 110, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 814.93 FEET;

THENCE NORTH 89(degrees)59'28" EAST, CONTINUING ALONG SAID WEST LINE OF PARCEL A, A DISTANCE OF 26.00 FEET TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF 50TH STREET;

THENCE NORTH 00(degrees)25'31" WEST, CONTINUING ALONG SAID WEST LINE OF PARCEL A AND ALONG SAID EAST RIGHT-OF-WAY LINE, A DISTANCE OF 446.16 FEET;

THENCE NORTH 46(degrees)55'00" EAST, LEAVING SAID WEST LINE OF PARCEL A AND SAID EAST RIGHT-OF-WAY LINE, A DISTANCE OF 50.30 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF McDOWELL ROAD;

THENCE SOUTH 89(degrees)00'14" EAST, ALONG SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 82.60 FEET;

THENCE SOUTH 00(degrees)59'46" WEST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 3.00 FEET;

THENCE SOUTH 89(degrees)00'14" EAST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 31.00 FEET;

THENCE NORTH 00(degrees)59'46" EAST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 3.00 FEET;

THENCE SOUTH 89(degrees)00'14" EAST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 314.76 FEET;

THENCE NORTH 89(degrees)59'92" EAST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY, AND ALONG A LINE PARALLEL TO AND 60 FEET SOUTH OF THE MONUMENT LINE OF SAID McDOWELL ROAD, A DISTANCE OF 67.93 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 8.00 FEET;

THENCE NORTH 89(degrees)59'28" EAST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 25.00 FEET;

THENCE NORTH 00(degrees)19'00" WEST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 8.00 FEET;

THENCE NORTH 89(degrees)59'28" EAST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY AND ALONG A LINE PARALLEL TO AND 60 FEET SOUTH OF THE MONUMENT LINE OF SAID McDOWELL ROAD, A DISTANCE OF 368.81 FEET;

THENCE SOUTH 00(degrees)22'16" EAST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 8.00 FEET;

THENCE NORTH 89(degrees)59'28" EAST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 23.00 FEET;

THENCE NORTH 00(degrees)22'16" WEST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 8.00 FEET;

THENCE NORTH 89(degrees)59'28" EAST, CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY AND ALONG A LINE PARALLEL TO AND 60 FEET SOUTH OF THE MONUMENT LINE OF McDOWELL ROAD, A DISTANCE OF 286.05 FEET;

THENCE SOUTH 45(degrees)01'21" EAST, LEAVING SAID SOUTH RIGHT-OF-WAY, A DISTANCE OF 29.71 FEET TO A POINT ON SAID WEST RIGHT-OF-WAY OF 52ND STREET;

THENCE SOUTH 08(degrees)41'12" WEST, ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 76.68 FEET;

THENCE SOUTH 00(degrees)19'00" EAST, ALONG SAID WEST RIGHT-OF-WAY, A DISTANCE OF 138.70 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

EXCEPT PARCEL B PER SAID PLAT FOR MOTOROLA, INC., BOOK 110 OF MAPS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER OF SECTION 5;

THENCE NORTH 00(degrees)19'00" WEST, ALONG THE MONUMENT LINE OF 52ND STREET, A DISTANCE OF 647.15 FEET;

THENCE SOUTH 89(degrees)46'00" WEST, LEAVING SAID MONUMENT LINE, A DISTANCE OF 967.23 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 89(degrees)46'00" WEST, A DISTANCE OF 330.00 FEET;

THENCE NORTH 00(degrees)25'31" WEST, A DISTANCE OF 360.00 FEET;

THENCE NORTH 89(degrees)46'00" EAST, A DISTANCE OF 330.00 FEET;

THENCE SOUTH 00(degrees)25'31" EAST, A DISTANCE OF 360.00 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED.

THE AFOREMENTIONED LEGAL DESCRIPTION INCLUDES THE:

A. "PILOT TREATMENT PLANT PARCEL" BEING:

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF 50TH STREET AND McDOWELL ROAD, FROM WHICH THE NORTH QUARTER CORNER OF SAID SECTION 5 BEARS NORTH 89(degrees)59'28" EAST, A DISTANCE OF 1331.02 FEET;

THENCE SOUTH 00(degrees)25'31" EAST, ALONG THE MONUMENT LINE OF SAID 50TH STREET, A DISTANCE OF 508.25 FEET TO A POINT AT THE INTERSECTION OF BRILL STREET AND SAID 50TH STREET;

THENCE SOUTH 00(degrees)25'31" EAST, LEAVING SAID INTERSECTION, A DISTANCE OF 260.54 FEET;

THENCE NORTH 89(degrees)34'29" EAST, A DISTANCE OF 43.63 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE NORTH 89(degrees)48'03" EAST, A DISTANCE OF 110.54 FEET;

THENCE SOUTH 00(degrees)10'08" EAST, A DISTANCE OF 31.82 FEET;

THENCE SOUTH 89(degrees)30'46" EAST, A DISTANCE OF 1.76 FEET;

THENCE SOUTH 00(degrees)30'06" EAST, A DISTANCE OF 12.17 FEET;

THENCE SOUTH 86(degrees)35'06" WEST, A DISTANCE OF 2.03 FEET;

THENCE SOUTH 00(degrees)08'47" EAST, A DISTANCE OF 24.97 FEET;

THENCE SOUTH 89(degrees)52'44" WEST, A DISTANCE OF 69.90 FEET TO A POINT OF CURVATURE OF A NON-TANGENT CURVE CONCAVE TO THE NORTH, WHOSE CENTER BEARS NORTH 00(degrees)05'57" WEST, A DISTANCE OF 35.00 FEET;

THENCE WESTERLY, ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 46(degrees)39'24", A DISTANCE OF 28.50 FEET TO A POINT OF TANGENCY;

THENCE NORTH 43(degrees)26'33" WEST, A DISTANCE OF 19.27 FEET TO A POINT OF CURVATURE OF A TANGENT CURVE CONCAVE TO THE NORTHEAST, HAVING A RADIUS OF 6.00 FEET;

THENCE NORTHERLY, ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 43(degrees)03'00", A DISTANCE OF 4.51 FEET TO A POINT OF TANGENCY;

THENCE NORTH 00(degrees)23'34" WEST, A DISTANCE OF 39.84 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

B. THE "INTEGRATED TREATMENT FACILITY PARCEL" BEING:

THAT PORTION OF THE WEST HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF PARCEL B AS SHOWN ON A PLAT FOR MOTOROLA, INC., BOOK 110 OF MAPS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE SOUTH 89(degrees)46'00" WEST, ALONG THE NORTH LINE OF SAID PARCEL B, A DISTANCE OF 15.25 FEET;

THENCE NORTH 00(degrees)14'00" WEST, LEAVING SAID NORTH LINE, A DISTANCE OF 181.14 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 89(degrees)54'15" WEST, A DISTANCE OF 23.47 FEET;

THENCE SOUTH 00(degrees)17'57" EAST, A DISTANCE OF 29.96 FEET;

THENCE NORTH 89(degrees)43'20" WEST, A DISTANCE OF 58.15 FEET;

THENCE NORTH 00(degrees)23'01" WEST, A DISTANCE OF 20.59 FEET;

THENCE SOUTH 89(degrees)52'39" WEST, A DISTANCE OF 28.67 FEET;

THENCE NORTH 00(degrees)22'15" WEST, A DISTANCE OF 140.35 FEET;

THENCE SOUTH 89(degrees)53'26" EAST, A DISTANCE OF 110.54 FEET;

THENCE SOUTH 00(degrees)17'03" EAST, A DISTANCE OF 130.95 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED; and

C. THE "CREDIT UNION PARCEL" BEING:

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF ROOSEVELT STREET AND 52ND STREET, FROM WHICH THE SOUTH QUARTER CORNER OF SAID SECTION 5 BEARS SOUTH 00(degrees)20'12" EAST, A DISTANCE OF 2017.46 FEET;

THENCE NORTH 00(degrees)20'12" WEST, ALONG THE MONUMENT LINE OF SAID 52ND STREET, A DISTANCE OF 53.16 FEET;

THENCE SOUTH 89(degrees)39'48" WEST, LEAVING SAID MONUMENT LINE, A DISTANCE OF 40.00 FEET TO A POINT OF THE WESTERN RIGHT-OF-WAY OF SAID 52ND STREET SAID POINT ALSO BEING THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED;

THENCE SOUTH 44(degrees)1'12" WEST, LEAVING SAID WESTERN RIGHT-OF-WAY, A DISTANCE OF 28.04 FEET TO A POINT ON THE NORTHERN RIGHT-OF-WAY OF SAID ROOSEVELT STREET;

THENCE SOUTH 89(degrees)46'21" WEST, ALONG SAID NORTHERN RIGHT-OF-WAY A DISTANCE OF 312.59 FEET;

THENCE NORTH 00(degrees)20'12" WEST, LEAVING SAID NORTHERN RIGHT-OF-WAY A DISTANCE OF 255.19 FEET;

THENCE NORTH 89(degrees)46'21" EAST, A DISTANCE OF 332.20 FEET TO A POINT ON SAID WESTERN RIGHT-OF-WAY OF 52ND STREET;

THENCE SOUTH 0(degrees)20'12" EAST, ALONG SAID WESTERN RIGHT-OF-WAY A DISTANCE OF 235.10 FEET TO THE POINT OF BEGINNING AT THE PARCEL HEREIN DESCRIBED.

Exhibit 10.18

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of October 27, 1999 (the "Agreement"), between Semiconductor Components Industries, LLC (the "Company"), with offices at 5005 East McDowell Road, Phoenix, Arizona 85008, and Steven Hanson (the "Executive").

1. Employment, Duties and Agreements.

(a) The Company hereby agrees to employ the Executive as its President and the Executive hereby accepts such position and agrees to serve the Company in such capacity during the employment period fixed by Section 3 hereof (the "Employment Period"). The Executive shall report to the Board of Directors of the Company (the "Board") or its designee and shall have such duties and responsibilities as the Board may reasonably determine from time to time as are consistent with Executive's position as President. In addition, during the Employment Period, the Company shall cause the Executive to be elected as a member of the Board of Directors of SCG Holding Corporation (the "Parent") and to be elected as a member of the Board. During the Employment Period, the Executive shall be subject to, and shall act in accordance with, all reasonable instructions and directions of the Board and all applicable policies and rules of the Company. The Executive's principal work location shall be Phoenix, Arizona, provided that the Executive shall be required to travel as required in order to perform his duties and responsibilities hereunder.

(b) During the Employment Period, excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive shall devote his full working time, energy and attention to the performance of his duties and responsibilities hereunder and shall faithfully and diligently endeavor to promote the business and best interests of the Company.

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

2. Compensation.

(a) As compensation for the agreements made by the Executive herein and the performance by the Executive of his obligations hereunder, during the Employment Period, the Company shall pay the Executive, pursuant to the Company's normal and customary payroll procedures, a base salary at the rate of $375,000 per annum, (the "Base Salary"). The Board shall review the Executive's Base Salary from time to time.

(b) In addition to the Base Salary, during the Employment Period, the Executive shall be eligible to participate in the executive bonus program established and approved by the Board (the

"Program") and, pursuant to the Program, the Executive may earn an annual bonus (the "Annual Bonus") up to a maximum of 100% of Base Salary based on the achievement of annual performance objectives as set forth in the Program, provided that with respect to fiscal year 1999, the Executive shall be entitled to receive a pro-rata portion of the Annual Bonus based on the portion of such year that this Agreement is in effect and determined in accordance with the Program, including the achievement of the applicable performance objectives for such year.

(c) As soon as practicable after the first anniversary of the Effective Date (as defined herein), the Company will pay the Executive $150,000 (the "Special Bonus"), provided the Executive is still actively employed by the Company on such first anniversary.

(d) As soon as practicable after the date hereof, the Company shall cause the Parent to grant the Executive an option (the "Option") to purchase 1,200,000 shares of common stock of the Parent at an exercise price of $1.00 per share. The Option shall be subject to and governed by the SCG Holding Corporation 1999 Founders Stock Option Plan (the "Option Plan") and shall be evidenced by a stock option grant agreement as provided under the Option Plan. Approximately 8.4 percent of the Option shall become exercisable on the Grant Date (as defined in the stock option grant agreement); an additional 8.3 percent of the Option shall become exercisable six months following the Grant Date; an additional 8.3 percent of the Option shall become exercisable on the first anniversary of the Grant Date; and on each six-month anniversary following the first one-year anniversary of the Grant Date, an additional 12.5 percent of the Option shall become exercisable until 100% of the Option is fully vested and exercisable; provided that the Executive is still employed by the Company on each such date that a portion of the Option is to become exercisable. Notwithstanding the foregoing, in the event of a Change in Control (as defined in Section 6 below) during the Employment Period and under the circumstances described in Section 5(a), the Option shall become immediately exercisable. The Option, or portion thereof, that has not become exercisable shall automatically expire on the Date of Termination (as defined in Section 4 below). The Option, or portion thereof, that has become exercisable as of the Date of Termination shall expire on the earlier of (i) ninety (90) days after the date the Executive's Employment is terminated for any reason other than Cause, death or Disability; (ii) one year after the date the Executive's employment is terminated by reason of death or Disability; (iii) the commencement of business on the date the Executive's employment is terminated for Cause; or (iv) the tenth anniversary of the Grant Date.

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

(f) The Company shall provide the Executive with a car allowance not to exceed $1,200 per month.

(g) The Company shall reimburse the Executive for all reasonable business expenses upon the presentation of statements of such expenses in accordance with the Company's policies and

procedures now in force or as such policies and procedures may be modified with respect to all senior executive officers of the Company.

3. Employment Period.

The Employment Period has commenced on August 4, 1999 (the "Effective Date") and shall terminate on the third anniversary of the Effective Date (the "Scheduled Termination Date"). Notwithstanding the foregoing, the Executive's employment hereunder may be terminated during the Employment Period prior to the Scheduled Termination Date upon the earliest to occur of the following events (at which time the Employment Period shall be terminated):

(a) Death. The Executive's employment hereunder shall terminate upon his death.

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

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, the term "Cause" shall mean: (i) a material breach by the Executive of this Agreement; (ii) the failure by the Executive to reasonably and substantially perform his duties hereunder (other than as a result of physical or mental illness or injury); (iii) the Executive's willful misconduct or gross negligence which is materially injurious to the Company; or (iv) the commission by the Executive of a felony or other serious crime involving moral turpitude. In the case of clauses (i) and (ii) above, the Company shall provide notice to the Executive indicating in reasonable detail the events or circumstances that it believes constitute Cause hereunder and, if such breach or failure is reasonably susceptible to cure, provide the Executive with a reasonable period of time (not to exceed thirty days) to cure such breach or failure. If, subsequent to the Executive's termination of employment hereunder for other than Cause, it is determined in good faith by the Board that the Executive's employment could have been terminated for Cause, the Executive's employment shall, at the election of the Board, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

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

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

(f) For Good Reason. The Executive may terminate his employment hereunder for Good Reason and any such termination shall be deemed a termination by the Company without Cause. For purposes of this Agreement, "Good Reason" shall mean (i) a material breach of this Agreement by the Company, (ii) a material diminution of the Executive's duties and responsibilities hereunder, or (iii) the Executive elects to terminate his employment within one year after a Change in Control (as defined below); provided that in either (i) or (ii) above, the Executive shall notify the Company within thirty (30) days after the event or events which the Executive believes constitute Good Reason hereunder and shall

describe in such notice in reasonable detail such event or events and provide the Company a reasonable time to cure such breach or diminution (not to exceed thirty (30) days).

4. Termination Procedure.

(a) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive during the Employment Period (other than a termination on account of the death of Executive) shall be communicated by written "Notice of Termination" to the other party hereto in accordance with Section 12(a).

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

5. Termination Payments.

(a) Without Cause. In the event of the termination of the Executive's employment during the Employment Period by the Company without Cause (including a deemed termination without Cause as provided in Section 3(f) herein), in addition to the Executive's accrued but unused vacation and Base Salary through the Date of Termination (to the extent not theretofore paid), all shares underlying the Option shall become immediately exercisable, and the Executive shall be entitled to a lump-sum payment, payable within thirty (30) days after the Date of Termination equal to the product of (A) either (i) three, if the Date of Termination is on or before September 1, 2001, or (ii) two, if the Date of Termination is after September 1, 2001 and prior to the Scheduled Termination Date; and (B) the sum of (i) the highest rate of the Executive's annualized Base Salary in effect at any time up to and including the Date of Termination and (ii) the Annual Bonus earned by the Executive in the year immediately preceding the Date of Termination; provided that the payments and benefits provided herein are subject to and conditioned upon the Executive executing a valid general release and waiver (in the form reasonably acceptable to the Company), waiving all claims the Executive may have against the Company, its successors, assigns, affiliates, executives, officers and directors, and such payments and benefits are subject to and conditioned upon the Executive's compliance with the Restrictive Covenants provided in Sections 8 and 9 hereof. Except as provided in this Section 5(a) and Sections 2(d), 6 and 9(c), to the extent applicable, the Company shall have no additional obligations under this Agreement.

(b) Disability or Death. If the Executive's employment is terminated during the Employment Period as a result of the Executive's death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, within thirty (30) days following the Date of Termination: (i) the Executive's accrued but unused vacation; (ii) his accrued but unpaid Base Salary; (iii) any Annual Bonus earned by the Executive in respect of the Company's fiscal year ending immediately prior to the Date of Termination; and (iv) an amount equal to the product of (A) the Annual Bonus earned by the Executive in the year immediately preceding the Date of Termination and (B) a fraction, the

numerator of which is the number of days in the Company's fiscal year in which the Date of Termination occurs which are prior to the Date of Termination and the denominator of which is 365. Except as provided in this Section 5(b) and in Sections 2(d), 6 and 9(c), to the extent applicable, the Company shall have no additional obligations under this Agreement.

(c) Cause or Voluntarily other than for Good Reason. If the Executive's employment is terminated during the Employment Period by the Company for Cause or voluntarily by the Executive for other than Good Reason, the Company shall pay the Executive within thirty (30) days following the Date of Termination: (i) the Executive's accrued but unused vacation through the Date of Termination; and (ii) his accrued but unpaid Base Salary through the Date of Termination. Except as provided in this Section 5(c) and in Sections 2(d), 6 and 9(c), to the extent applicable, the Company shall have no additional obligations under this Agreement.

6. Employment Termination in Connection with a Change in Control.

(a) In the event the Company terminates the Executive's employment without Cause (including a deemed termination without Cause as provided in Section 3(f) herein) within two years following a Change in Control (as defined below), then, in addition to all other benefits provided to the Executive under the provisions of this Agreement, the Company shall provide the Executive with continuation of medical benefits for the greater of (A) two years after the Date of Termination or (B) the remainder of the Employment Period. These benefits shall be provided to the Executive at the same cost, and at the same coverage level, as in effect as of the Executive's Date of Termination. However, in the event the cost and/or level of coverage shall change for all employees of the Company, the cost and/or coverage level, likewise, shall change for the Executive in a corresponding manner.

(b) For purposes of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events: (i) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions, directly or indirectly) of all or substantially all of the assets of the Company or the Parent to any Person (as defined below) or group of related persons for purposes of Section 13(d) of the Securities Exchange Act of 1934 (a "Group"), together with any affiliates thereof (other than to TPG Semiconductor Holdings, LLC, TPG Partners II, L.P. or any of their affiliates, including without limitation the Parent (collectively referred to herein as "TPG II"), unless the transfer to TPG II is part of a larger transaction which would otherwise cause a Change in Control to occur); (ii) the approval by the holders of capital stock of the Company or the Parent of any plan or proposal for the liquidation or dissolution of the Company or the Parent; (iii) any Person or Group (other than TPG II) shall become the owner, directly or indirectly, beneficially or of record, of shares representing more of the aggregate voting power of the issued and outstanding stock entitled to vote in the election of directors (the "Voting Stock") of the Parent than TPG II owns, directly or indirectly, beneficially or of record; (iv) the replacement of a majority of the Board or of the board of directors of Parent over a two-year period from the directors who constituted such board at the beginning of such period, and such replacement shall not have been approved by a vote of at least a majority of the Board or of the board of Parent, as applicable, then still in office who either were members of such board at the beginning of such two-year period or whose election as a member of such board was previously so approved or who were nominated by, or designees of, TPG II; (v) any Person or Group other than TPG II shall have acquired the power to elect a majority of the members of the Board or the board of directors of the Parent; or (vi) a merger or consolidation of the Parent with another entity in which holders of the common stock of the Parent immediately prior to the consummation of the transaction hold, directly or indirectly, immediately following the consummation of the transaction less than 50% of the common equity interest in the

surviving corporation in such transaction. Notwithstanding the foregoing, in no event shall a Change in Control be deemed to occur as a result of an initial public offering of the Parent's common stock.

(c) For purposes of this Section 6, the term "Person" shall mean any individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

7. Legal Fees.

In the event of any contest or dispute between the Company and the Executive with respect to this Agreement or the Executive's employment hereunder, each of the parties shall be responsible for their respective legal fees and expenses.

8. Non-Solicitation.

During the Employment Period and for two (2) years thereafter, the Executive hereby agrees not to, directly or indirectly, solicit or assist any other person or entity in soliciting any employee of the Company or any of their subsidiaries to perform services for any entity (other than the Company or their subsidiaries), or attempt to induce any such employee to leave the employ of the Company or their subsidiaries.

9. Confidentiality; Non-Disclosure; Non-Disparagement.

(a) The Executive hereby agrees that, during the Employment Period and thereafter, he will hold in strict confidence any proprietary or Confidential Information related to the Company and its affiliates. For purposes of this Agreement, the term "Confidential Information" shall mean all information of the Company or any of its affiliates (in whatever form) which is not generally known to the public, including without limitation any inventions, processes, methods of distribution, customer lists or customers' or trade secrets.

(b) The Executive hereby agrees that, upon the termination of the Employment Period, he shall not take, without the prior written consent of the Company, any drawing, blueprint, specification or other document (in whatever form) of the Company or its affiliates, which is of a confidential nature relating to the Company or its affiliates, or, without limitation, relating to its or their methods of distribution, or any description of any formulas or secret processes and will return any such information (in whatever form) then in his possession.

(c) In the Event the Executive's employment hereunder is terminated pursuant to Section 3(d), 3(e) or 3(f) hereof, the Executive and the Company shall mutually agree on the time, method and content of any public announcement regarding the Executive's termination of employment hereunder and neither the Executive nor the Company shall make any public statements which are inconsistent with the information mutually agreed upon by the Company and the Executive and the parties hereto shall cooperate with each other in refuting any public statements made by other persons, which are inconsistent with the information mutually agreed upon between the Executive and Company as described above.

(d) The Executive hereby agrees not to defame or disparage the Company, its affiliates and their officers, directors, members or executives, and the Company hereby agrees that it shall not disparage or defame the Executive through any official statement of the Company, provided that, in the event the Executive's employment is terminated for Cause, the Company shall be permitted, in its

discretion, to disclose the facts and circumstances surrounding such termination. The Executive hereby agrees to cooperate with the Company in refuting any defamatory or disparaging remarks by any third party made in respect of the Company or its affiliates or their directors, members, officers or executives.

10. Injunctive Relief.

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

11. Representations.

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

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

12. Miscellaneous.

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

If to the Company:

Semiconductor Components Industries, LLC
5005 East McDowell Road
Phoenix, Arizona 85008
Attention: Board of Directors and Secretary

with a copy to:

Paul Shim
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, NY 10006

If to the Executive:

Steven Hanson
Semiconductor Components Industries, LLC
5005 East McDowell Road
Phoenix, Arizona 85008

With a copy to:

K. Layne Morrill
Morrill & Aronson P.L.C.
One East Camelback Road
Suite 340
Phoenix, Arizona 85012-1648

or to such other address as any party hereto may designate by notice to the others.

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

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

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

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

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

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

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

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

(i) This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without reference to its principles of conflicts of law. The parties hereto hereby agree that any dispute, claim or cause of action related to this Agreement or the Executive's employment hereunder shall be commenced in Maricopa County, Arizona, and the parties hereby submit to the exclusive jurisdiction of such courts and waive any claim of forum non conveniens.

(i) This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. A facsimile of a signature shall be deemed to be and have the effect of an original signature.

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

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

Semiconductor Components Industries, LLC

/s/ James Stoeckman

Name: James Stoeckman
Title: Vice President - HR

/s/ Steve Hanson

Steven Hanson

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of September 13, 1999 (the "Agreement"), between Semiconductor Components Industries, LLC (the "Company"), with offices at 5005 East McDowell Road, Phoenix, Arizona 85008, and Michael Rohleder (the "Executive").

1. Employment, Duties and Agreements.

(a) The Company hereby agrees to employ the Executive as its Senior Vice President and Director of Sales and Marketing and the Executive hereby accepts such position and agrees to serve the Company in such capacity during the employment period fixed by Section 3 hereof (the "Employment Period"). The Executive shall report to the President of the Company or his designee and shall have such duties and responsibilities as the President or his designee may reasonably determine from time to time as are consistent with Executive's position as Senior Vice President and Director of Sales and Marketing. During the Employment Period, the Executive shall be subject to, and shall act in accordance with, the instructions and directions of the President or his designee and all applicable policies and rules of the Company.

(b) During the Employment Period, excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive shall devote his full working time, energy and attention to the performance of his duties and responsibilities hereunder and shall faithfully and diligently endeavor to promote the business and best interests of the Company.

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

2. Compensation.

(a) As compensation for the agreements made by the Executive herein and the performance by the Executive of his obligations hereunder, during the Employment Period, the Company shall pay the Executive, pursuant to the Company's normal and customary payroll procedures, a base salary at the rate of $350,000 per annum, (the "Base Salary"). The Board of Directors of the Company (the "Board") shall review the Executive's Base Salary from time to time.

(b) In addition to the Base Salary, during the Employment Period, the Executive shall be eligible to participate in the executive bonus program established and approved by the Board (the "Program") and, pursuant to the Program, the Executive may earn an annual bonus (the "Annual Bonus") up to a maximum of 200% of Base Salary based on the achievement of annual performance objectives as set forth in the Program; provided that the Executive will be eligible to receive an annual bonus equal to

100% of Base Salary if the Company achieves certain "target" performance objectives, as determined under the Program. Notwithstanding the foregoing, in respect of the first year of the Employment Period, the Executive's Annual Bonus in respect of fiscal year 1999 shall be at least equal to $117,000 and the Executive's Annual Bonus in respect of fiscal year 2000 shall be at least $233,000 regardless of whether the performance objectives for fiscal years 1999 and 2000 shall have been met (the "Aggregate Guaranteed Bonus"). For the avoidance of doubt, the Aggregate Guaranteed Bonus shall reduce any Annual Bonus earned in the fiscal years for which they relate as a result of the Company's achievement of performance objectives under the Program. The Company shall pay the Executive on or as soon as practicable after the six-month anniversary of the Effective Date an amount equal to 50% of the Aggregate Guaranteed Bonus less any Annual Bonus up to $117,000 paid to the Executive in respect of fiscal year 1999, and the remaining 50% of the Aggregate Guaranteed Bonus shall be paid to the Executive on or as soon as practicable after the one-year anniversary of the Effective Date, and the Annual Bonus in respect of fiscal year 2000, if any, shall be reduced by such amount; provided in both cases that the Executive is actively employed with the Company on the date of disbursement.

(c) As soon as practicable after September 9, 1999 (the "Grant Date"), the Company shall cause SCG Holding Corporation (the "Parent") to grant the Executive an option (the "Option") to purchase 700,000 shares of common stock of the Parent at an exercise price of $1.00 per share. The Option shall be subject to and governed by the SCG Holding Corporation 1999 Founders Stock Option Plan (the "Option Plan") and shall be evidenced by a stock option grant agreement as provided under the Option Plan. Approximately 8.4 percent of the Option shall become exercisable on the Grant Date an additional 8.3 percent of the Option shall become exercisable six months following the Grant Date; an additional 8.3 percent of the Option shall become exercisable on the first anniversary of the Grant Date; and on each six-month anniversary following the first one-year anniversary of the Grant Date, an additional 12.5 percent of the Option shall become exercisable until 100% of the Option is fully vested and exercisable; provided that the Executive is still employed by the Company on each such date that a portion of the Option is to become exercisable. Notwithstanding the foregoing, in the event of a Change in Control (as defined in the Option Plan) during the Employment Period, the Option shall become immediately exercisable as provided in the Option Plan. The Option or any portion thereof that has not become exercisable shall automatically expire on the Date of Termination (as defined in Section 4 below), and the Option or any portion thereof that has become exercisable as of the Date of Termination shall expire on the earlier of (i) ninety (90) days after the date the Executive's Employment is terminated for any reason other than Cause, death or Disability; (ii) one year after the date the Executive's employment is terminated by reason of death or Disability; (iii) the commencement of business on the date the Executive's employment is terminated for Cause; or (iv) the tenth anniversary of the Grant Date.

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

(e) The Company shall provide the Executive with a car allowance not to exceed $1,200 per month.

(f) The Company shall reimburse the Executive for relocation expenses incurred by the Executive for the sale of his current principal residence and the purchase of a new principal residence in the Phoenix, Arizona area in connection with the Executive's relocation to Phoenix, Arizona, which shall include, but not be limited to, sales commission, loan points and closing costs, in an amount not to exceed $300,000.

(g) The Company shall reimburse the Executive for all reasonable business expenses upon the presentation of statements of such expenses in accordance with the Company's policies and procedures now in force or as such policies and procedures may be modified with respect to all senior executive officers of the Company.

3. Employment Period.

The Employment Period commenced on September 1, 1999 (the "Effective Date") and shall terminate on the third anniversary of the Effective Date (the "Scheduled Termination Date"). Notwithstanding the foregoing, the Executive's employment hereunder may be terminated during the Employment Period prior to the Scheduled Termination Date upon the earliest to occur of the following events (at which time the Employment Period shall be terminated):

(a) Death. The Executive's employment hereunder shall terminate upon his death.

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

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, the term "Cause" shall mean: (i) a material breach by the Executive of this Agreement; (ii) the failure by the Executive to reasonably and substantially perform his duties hereunder (other than as a result of physical or mental illness or injury); (iii) the Executive's willful misconduct or gross negligence which is materially injurious to the Company; or (iv) the commission by the Executive of a felony or other serious crime involving moral turpitude. If, subsequent to the Executive's termination of employment hereunder for other than Cause, it is determined in good faith by the Board that the Executive's employment could have been terminated for Cause, the Executive's employment shall, at the election of the Board, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

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

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

4. Termination Procedure.

(a) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive during the Employment Period (other than a termination on account of the death of Executive) shall be communicated by written "Notice of Termination" to the other party hereto in accordance with Section 12(a).

(b) Date of Termination. "Date of Termination" shall mean (i) if the Executive's employment is terminated by his death, the date of his death, (ii) if the Executive's employment is terminated pursuant to Section 3(b), thirty (30) days after Notice of Termination. (iii) if the Executive voluntarily terminates his employment, the date specified in the notice given pursuant to Section 3(e) herein which shall not be less than three months after the Notice of Termination and (iv) if the Executive's employment is terminated for any other reason, the date on which a Notice of Termination is given or any later date (within thirty (30) days, or any alternative time period agreed upon by the parties, after the giving of such notice) set forth in such Notice of Termination.

5. Termination Payments.

(a) Without Cause. In the event of the termination of the Executive's employment during the Employment Period by the Company without Cause, in addition to the Executive's accrued but unused vacation and Base Salary through the Date of Termination (to the extent not theretofore paid) the Executive shall be entitled to a lump-sum payment, payable within thirty (30) days after the Date of Termination equal to the product of (A) either (i) three, if the Date of Termination is on or before September 1, 2001, or (ii) two, if the Date of Termination is after September 1, 2001 and prior to the Scheduled Termination Date; and (B) the sum of (i) the highest rate of the Executive's annualized Base Salary in effect at any time up to and including the Date of Termination and (ii) the Annual Bonus earned by the Executive in the year immediately preceding the Date of Termination; provided that the payments provided herein are subject to and conditioned upon the Executive executing a valid general release and waiver (in the form reasonably acceptable to the Company), waiving all claims the Executive may have against the Company, its successors, assigns, affiliates, executives, officers and directors, and such payments are subject to and conditioned upon the Executive's compliance with the Restrictive Covenants provided in Sections 8 and 9 hereof. Except as provided in this Section 5(a), the Company shall have no additional obligations under this Agreement.

(b) Cause, Disability, Death or Voluntarily. If the Executive's employment is terminated during the Employment Period by (i) the Company for Cause, (ii) voluntarily by the Executive, or (iii) as a result of the Executive's death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, within thirty (30) days following the Date of Termination the Executive's accrued but unused vacation and his Base Salary through the Date of Termination (to the extent not theretofore paid). Except as provided in this Section 5(b), the Company shall have no additional obligations under this Agreement.

6. Employment Termination in Connection with a Change in Control.

(a) In the event the Company terminates the Executive's employment without Cause within two years following a Change in Control (as defined below), then, in addition to all other benefits provided to the Executive under the provisions of this Agreement, the Company shall provide the Executive with continuation of medical benefits for the greater of (A) two years after the Date of Termination or (B) the remainder of the Employment Period. These benefits shall be provided to the

Executive at the same cost, and at the same coverage level, as in effect as of the Executive's Date of Termination. However, in the event the cost and/or level of coverage shall change for all employees of the Company, the cost and/or coverage level, likewise, shall change for the Executive in a corresponding manner.

(b) For purposes of this Agreement, a Change in Control shall have the meaning set forth in the Option Plan.

7. Legal Fees.

In the event of any contest or dispute between the Company and the Executive with respect to this Agreement or the Executive's employment hereunder, each of the parties shall be responsible for their respective legal fees and expenses.

8. Non-Solicitation.

During the Employment Period and for two (2) years thereafter, the Executive hereby agrees not to, directly or indirectly, solicit or hire or assist any other person or entity in soliciting or hiring any employee of the Company or any of their subsidiaries to perform services for any entity (other than the Company or their subsidiaries), or attempt to induce any such employee to leave the employ of the Company or their subsidiaries.

9. Confidentiality; Non-Disclosure; Non-Disparagement.

(a) The Executive hereby agrees that, during the Employment Period and thereafter, he will hold in strict confidence any proprietary or Confidential Information related to the Company and its affiliates. For purposes of this Agreement, the term "Confidential Information" shall mean all information of the Company or any of its affiliates (in whatever form) which is not generally known to the public, including without limitation any inventions, processes, methods of distribution, customer lists or customers' or trade secrets.

(b) The Executive hereby agrees that, upon the termination of the Employment Period, he shall not take, without the prior written consent of the Company, any drawing, blueprint, specification or other document (in whatever form) of the Company or its affiliates, which is of a confidential nature relating to the Company or its affiliates, or, without limitation, relating to its or their methods of distribution, or any description of any formulas or secret processes and will return any such information (in whatever form) then in his possession.

(c) In the event the Executive's employment hereunder is terminated pursuant to Section 3(d) or 3(e) hereof, the Executive and the Company shall mutually agree on the time, method and content of any public announcement regarding the Executive's termination of employment hereunder and neither the Executive nor the Company shall make any public statements which are inconsistent with the information mutually agreed upon by the Company and the Executive and the parties hereto shall cooperate with each other in refuting any public statements made by other persons, which are inconsistent with the information mutually agreed upon between the Executive and Company as described above.

(d) The Executive hereby agrees not to defame or disparage the Company, its affiliates and their officers, directors, members or executives, and the Company hereby agrees that it shall not disparage or defame the Executive through any official statement of the Company, provided that, in

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

10. Injunctive Relief.

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

11. Representations.

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

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

12. Miscellaneous.

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

If to the Company:

Semiconductor Components Industries, LLC
5005 East McDowell Road
Phoenix, Arizona 85008
Attention: Board of Directors and Secretary

with a copy to:

Paul Shim
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, NY 10006

If to the Executive:

Michael Rohleder
Semiconductor Components Industries, LLC
5005 East McDowell Road
Phoenix, Arizona 85008

or to such other address as any party hereto may designate by notice to the others.

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

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

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

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

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

(f) Any provision of this Agreement (or portion thereof) which is deemed invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this Section, be ineffective

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

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

(h) This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without reference to its principles of conflicts of law.

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

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

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

Semiconductor Components Industries, LLC

/s/ James Stoeckmann

Name: James Stoeckmann
Title: Vice President - HR

/s/ Michael Rohleder

Michael Rohleder

Exhibit 10.21

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of October 27, 1999 (the "Agreement"), between Semiconductor Components Industries, LLC (the "Company"), with offices at 5005 East McDowell Road, Phoenix, Arizona 85008, and William George (the "Executive").

1. Employment, Duties and Agreements.

(a) The Company hereby agrees to employ the Executive as its Senior Vice President and Chief Manufacturing and Technology Officer and the Executive hereby accepts such position and agrees to serve the Company in such capacity during the employment period fixed by Section 3 hereof (the "Employment Period"). The Executive shall report to the President of the Company or his designee and shall have such duties and responsibilities as the President or his designee may reasonably determine from time to time as are consistent with Executive's position as Senior Vice President and Chief Manufacturing and Technology Officer. During the Employment Period, the Executive shall be subject to, and shall act in accordance with, the instructions and directions of the President or his designee and all applicable policies and rules of the Company. The Executive's principal work location shall be Phoenix, Arizona, provided that the Executive shall be required to travel as required in order to perform his duties and responsibilities hereunder.

(b) During the Employment Period, excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive shall devote his full working time, energy and attention to the performance of his duties and responsibilities hereunder and shall faithfully and diligently endeavor to promote the business and best interests of the Company.

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

2. Compensation.

(a) As compensation for the agreements made by the Executive herein and the performance by the Executive of his obligations hereunder, during the Employment Period, the Company shall pay the Executive, pursuant to the Company's normal and customary payroll procedures, a base salary at the rate of $300,000 per annum, (the "Base Salary"). The Board of Directors of the Company (the "Board") shall review the Executive's Base Salary from time to time.

(b) In addition to the Base Salary, during the Employment Period, the Executive shall be eligible to participate in the executive bonus program established and approved by the Board (the "Program") and, pursuant to the Program, the Executive may earn an annual bonus (the "Annual Bonus")

up to a maximum of 100% of Base Salary based on the achievement of annual performance objectives as set forth in the Program, provided that with respect to fiscal year 1999, the Executive shall be entitled to receive a pro-rata portion of the Annual Bonus based on the portion of such year that this Agreement is in effect and determined in accordance with the Program, including the achievement of the applicable performance objectives for such year.

(c) As soon as practicable after the first anniversary of the Effective Date (as defined below), the Company will pay the Executive $150,000 (the "Special Bonus"), provided the Executive is still actively employed by the Company on such first anniversary.

(d) As soon as practicable after the date hereof, the Company shall cause SCG Holding Corporation (the "Parent") to grant the Executive an option (the "Option") to purchase 650,000 shares of common stock of the Parent at an exercise price of $1.00 per share. The Option shall be subject to and governed by the SCG Holding Corporation 1999 Founders Stock Option Plan (the "Option Plan") and shall be evidenced by a stock option grant agreement as provided under the Option Plan. Approximately 8.4 percent of the Option shall become exercisable on the Grant Date (as defined in the stock option grant agreement); an additional 8.3 percent of the Option shall become exercisable six months following the Grant Date; an additional 8.3 percent of the Option shall become exercisable on the first anniversary of the Grant Date; and on each six-month anniversary following the first one-year anniversary of the Grant Date, an additional 12.5 percent of the Option shall become exercisable until 100% of the Option is fully vested and exercisable; provided that the Executive is still employed by the Company on each such date that a portion of the Option is to become exercisable. Notwithstanding the foregoing, in the event of a Change in Control (as defined in Section 6 below) during the Employment Period and under the circumstances described in Section 5(a), the Option shall become immediately exercisable. The Option, or portion thereof, that has not become exercisable shall automatically expire on the Date of Termination (as defined in Section 4 below). The Option, or portion thereof, that has become exercisable as of the Date of Termination shall expire on the earlier of (i) ninety (90) days after the date the Executive's Employment is terminated for any reason other than Cause, death or Disability; (ii) one year after the date the Executive's employment is terminated by reason of death or Disability; (iii) the commencement of business on the date the Executive's employment is terminated for Cause; or (iv) the tenth anniversary of the Grant Date.

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

(f) The Company shall provide the Executive with a car allowance not to exceed $1,200 per month.

(g) The Company shall reimburse the Executive for all reasonable business expenses upon the presentation of statements of such expenses in accordance with the Company's policies and procedures now in force or as such policies and procedures may be modified with respect to all senior executive officers of the Company.

3. Employment Period.

The Employment Period has commenced on August 4, 1999 (the "Effective Date") and shall terminate on the third anniversary of the Effective Date (the "Scheduled Termination Date"). Notwithstanding the foregoing, the Executive's employment hereunder may be terminated during the Employment Period prior to the Scheduled Termination Date upon the earliest to occur of the following events (at which time the Employment Period shall be terminated):

(a) Death. The Executive's employment hereunder shall terminate upon his death.

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

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, the term "Cause" shall mean: (i) a material breach by the Executive of this Agreement; (ii) the failure by the Executive to reasonably and substantially perform his duties hereunder (other than as a result of physical or mental illness or injury); (iii) the Executive's willful misconduct or gross negligence which is materially injurious to the Company; or (iv) the commission by the Executive of a felony or other serious crime involving moral turpitude. In the case of clauses (i) and (ii) above, the Company shall provide notice to the Executive indicating in reasonable detail the events or circumstances that it believes constitute Cause hereunder and, if such breach or failure is reasonably susceptible to cure, provide the Executive with a reasonable period of time (not to exceed thirty days) to cure such breach or failure. If, subsequent to the Executive's termination of employment hereunder for other than Cause, it is determined in good faith by the Board that the Executive's employment could have been terminated for Cause, the Executive's employment shall, at the election of the Board, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

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

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

(f) For Good Reason. The Executive may terminate his employment hereunder for Good Reason and any such termination shall be deemed a termination by the Company without Cause. For purposes of this Agreement, "Good Reason" shall mean (i) a material breach of this Agreement by the Company, (ii) a material diminution of the Executive's duties and responsibilities hereunder, or (iii) the Executive elects to terminate his employment within one year after a Change in Control (as defined below); provided that in either (i) or (ii) above, the Executive shall notify the Company within thirty (30) days after the event or events which the Executive believes constitute Good Reason hereunder and shall describe in such notice in reasonable detail such event or events and provide the Company a reasonable time to cure such breach or diminution (not to exceed thirty (30) days).

4. Termination Procedure.

(a) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive during the Employment Period (other than a termination on account of the death of Executive) shall be communicated by written "Notice of Termination" to the other party hereto in accordance with Section 12(a).

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

5. Termination Payments.

(a) Without Cause. In the event of the termination of the Executive's employment during the Employment Period by the Company without Cause (including a deemed termination without Cause as provided in Section 3(f) herein), in addition to the Executive's accrued but unused vacation and Base Salary through the Date of Termination (to the extent not theretofore paid), all shares underlying the Option shall become immediately exercisable, and the Executive shall be entitled to a lump-sum payment, payable within thirty (30) days after the Date of Termination equal to the product of (A) either (i) three, if the Date of Termination is on or before September 1, 2001, or (ii) two, if the Date of Termination is after September 1, 2001 and prior to the Scheduled Termination Date; and (B) the sum of (i) the highest rate of the Executive's annualized Base Salary in effect at any time up to and including the Date of Termination and (ii) the Annual Bonus earned by the Executive in the year immediately preceding the Date of Termination; provided that the payments and benefits provided herein are subject to and conditioned upon the Executive executing a valid general release and waiver (in the form reasonably acceptable to the Company), waiving all claims the Executive may have against the Company, its successors, assigns, affiliates, executives, officers and directors, and such payments and benefits are subject to and conditioned upon the Executive's compliance with the Restrictive Covenants provided in Sections 8 and 9 hereof. Except as provided in this Section 5(a) and Sections 2(d), 6 and 9(c), to the extent applicable, the Company shall have no additional obligations under this Agreement.

(b) Disability or Death. If the Executive's employment is terminated during the Employment Period as a result of the Executive's death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, within thirty (30) days following the Date of Termination: (i) the Executive's accrued but unused vacation; (ii) his accrued but unpaid base Salary; (iii) any Annual Bonus earned by the Executive in respect of the Company's fiscal year ending immediately prior to the Date of Termination; and (iv) an amount equal to the product of (A) the Annual Bonus earned by the Executive in the year immediately preceding the Date of Termination and (B) a fraction, the numerator of which is the number of days in the Company's fiscal year in which the Date of Termination occurs which are prior to the Date of Termination and the denominator of which is 365. Except as

provided in this Section 5(b) and in Sections 2(d), 6 and 9(c), to the extent applicable, the Company shall have no additional obligations under this Agreement.

(c) Cause or Voluntarily other than for Good Reason. If the Executive's employment is terminated during the Employment Period by the Company for Cause or voluntarily by the Executive for other than Good Reason, the Company shall pay the Executive within thirty (30) days following the Date of Termination: (i) the Executive's accrued but unused vacation through the Date of Termination; and (ii) his accrued but unpaid Base Salary through the Date of Termination. Except as provided in this Section 5(c) and in Sections 2(d), 6 and 9(c), to the extent applicable, the Company shall have no additional obligations under this Agreement.

6. Employment Termination in Connection with a Change in Control.

(a) In the event the Company terminates the Executive's employment without Cause (including a deemed termination without Cause as provided in Section 3(f) herein) within two years following a Change in Control (as defined below), then, in addition to all other benefits provided to the Executive under the provisions of this Agreement, the Company shall provide the Executive with continuation of medical benefits for the greater of (A) two years after the Date of Termination or (B) the remainder of the Employment Period. These benefits shall be provided to the Executive at the same cost, and at the same coverage level, as in effect as of the Executive's Date of Termination. However, in the event the cost and/or level of coverage shall change for all employees of the Company, the cost and/or coverage level, likewise, shall change for the Executive in a corresponding manner.

(b) For purposes of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events: (i) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions, directly or indirectly) of all or substantially all of the assets of the Company or the Parent to any Person (as defined below) or group of related persons for purposes of Section 13(d) of the Securities Exchange Act of 1934 (a "Group"), together with any affiliates thereof (other than to TPG Semiconductor Holdings, LLC, TPG Partners II, L.P. or any of their affiliates, including without limitation the Parent (collectively referred to herein as "TPG II"), unless the transfer to TPG II is part of a larger transaction which would otherwise cause a Change in Control to occur); (ii) the approval by the holders of capital stock of the Company or the Parent of any plan or proposal for the liquidation or dissolution of the Company or the Parent; (iii) any Person or Group (other than TPG II) shall become the owner, directly or indirectly, beneficially or of record, of shares representing more of the aggregate voting power of the issued and outstanding stock entitled to vote in the election of directors (the "Voting Stock") of the Parent than TPG II owns, directly or indirectly, beneficially or of record; (iv) the replacement of a majority of the Board or of the board of directors of Parent over a two-year period from the directors who constituted such board at the beginning of such period, and such replacement shall not have been approved by a vote of at least a majority of the Board or of the board of Parent, as applicable, then still in office who either were members of such board at the beginning of such two-year period or whose election as a member of such board was previously so approved or who were nominated by, or designees of, TPG II; (v) any Person or Group other than TPG II shall have acquired the power to elect a majority of the members of the Board or the board of directors of the Parent; or (vi) a merger or consolidation of the Parent with another entity in which holders of the common stock of the Parent immediately prior to the consummation of the transaction hold, directly or indirectly, immediately following the consummation of the transaction less than 50% of the common equity interest in the surviving corporation in such transaction. Notwithstanding the foregoing, in no event shall a Change in Control be deemed to occur as a result of an initial public offering of the Parent's common stock.

(c) For purposes of this Section 6, the term "Person" shall mean any individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

7. Legal Fees.

In the event of any contest or dispute between the Company and the Executive with respect to this Agreement or the Executive's employment hereunder, each of the parties shall be responsible for their respective legal fees and expenses.

8. Non-Solicitation.

During the Employment Period and for two (2) years thereafter, the Executive hereby agrees not to, directly or indirectly, solicit or assist any other person or entity in soliciting any employee of the Company or any of their subsidiaries to perform services for any entity (other than the Company or their subsidiaries), or attempt to induce any such employee to leave the employ of the Company or their subsidiaries.

9. Confidentiality; Non-Disclosure; Non-Disparagement.

(a) The Executive hereby agrees that, during the Employment Period and thereafter, he will hold in strict confidence any proprietary or Confidential Information related to the Company and its affiliates. For purposes of this Agreement, the term "Confidential Information" shall mean all information of the Company or any of its affiliates (in whatever form) which is not generally known to the public, including without limitation any inventions, processes, methods of distribution, customer lists or customers' or trade secrets.

(b) The Executive hereby agrees that, upon the termination of the Employment Period, he shall not take, without the prior written consent of the Company, any drawing, blueprint, specification or other document (in whatever form) of the Company or its affiliates, which is of a confidential nature relating to the Company or its affiliates, or, without limitation, relating to its or their methods of distribution, or any description of any formulas or secret processes and will return any such information (in whatever form) then in his possession.

(c) In the Event the Executive's employment hereunder is terminated pursuant to Section 3(d), 3(e) or 3(f) hereof, the Executive and the Company shall mutually agree on the time, method and content of any public announcement regarding the Executive's termination of employment hereunder and neither the Executive nor the Company shall make any public statements which are inconsistent with the information mutually agreed upon by the Company and the Executive and the parties hereto shall cooperate with each other in refuting any public statements made by other persons, which are inconsistent with the information mutually agreed upon between the Executive and Company as described above.

(d) The Executive hereby agrees not to defame or disparage the Company, its affiliates and their officers, directors, members or executives, and the Company hereby agrees that it shall not disparage or defame the Executive through any official statement of the Company, provided that, in the event the Executive's employment is terminated for Cause, the Company shall be permitted, in its discretion, to disclose the facts and circumstances surrounding such termination. The Executive hereby agrees to cooperate with the Company in refuting any defamatory or disparaging remarks by any third party made in respect of the Company or its affiliates or their directors, members, officers or executives.

10. Injunctive Relief.

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

11. Representations.

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

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

12. Miscellaneous.

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

If to the Company:

Semiconductor Components Industries, LLC
5005 East McDowell Road
Phoenix, Arizona 85008
Attention: Board of Directors and Secretary

with a copy to:

Paul Shim
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, NY 10006

If to the Executive:

William George
Semiconductor Components Industries, LLC
5005 East McDowell Road
Phoenix, Arizona 85008

With a copy to:

K. Layne Morrill
Morrill & Aronson P.L.C.
One East Camelback Road
Suite 340
Phoenix, Arizona 85012-1648

or to such other address as any party hereto may designate by notice to the others.

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

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

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

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

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

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

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

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

(i) This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without reference to its principles of conflicts of law. The parties hereto hereby agree that any dispute, claim or cause of action related to this Agreement or the Executive's employment hereunder shall be commenced in Maricopa County, Arizona, and the parties hereby submit to the exclusive jurisdiction of such courts and waive any claim of forum non conveniens.

(j) This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. A facsimile of a signature shall be deemed to be and have the effect of an original signature.

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

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

Semiconductor Components Industries, LLC

/s/ James Stoeckmann

Name: James Stoeckmann
Title: Vice President - HR

/s/ William George

William George

Exhibit 10.22

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of October 27, 1999 (the "Agreement"), between Semiconductor Components Industries, LLC (the "Company"), with offices at 5005 East McDowell Road, Phoenix, Arizona 85008, and Dario Sacomani (the "Executive").

1. Employment, Duties and Agreements.

(a) The Company hereby agrees to employ the Executive as its Chief Financial Officer and the Executive hereby accepts such position and agrees to serve the Company in such capacity during the employment period fixed by Section 3 hereof (the "Employment Period"). The Executive shall report to the President of the Company or his designee and shall have such duties and responsibilities as the President or his designee may reasonably determine from time to time as are consistent with Executive's position as Chief Financial Officer. During the Employment Period, the Executive shall be subject to, and shall act in accordance with, the instructions and directions of the President or his designee and all applicable policies and rules of the Company. The Executive's principal work location shall be Phoenix, Arizona, provided that the Executive shall be required to travel as required in order to perform his duties and responsibilities hereunder.

(b) During the Employment Period, excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive shall devote his full working time, energy and attention to the performance of his duties and responsibilities hereunder and shall faithfully and diligently endeavor to promote the business and best interests of the Company.

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

2. Compensation.

(a) As compensation for the agreements made by the Executive herein and the performance by the Executive of his obligations hereunder, during the Employment Period, the Company shall pay the Executive, pursuant to the Company's normal and customary payroll procedures, a base salary at the rate of $250,000 per annum, (the "Base Salary"). The Board of Directors of the Company (the "Board") shall review the Executive's Base Salary from time to time.

(b) In addition to the Base Salary, during the Employment Period, the Executive shall be eligible to participate in the executive bonus program established and approved by the Board (the "Program") and, pursuant to the Program, the Executive may earn an annual bonus (the "Annual Bonus") up to a maximum of 100% of Base Salary based on the achievement of annual performance objectives as

set forth in the Program, provided that with respect to fiscal year 1999, the Executive shall be entitled to receive a pro-rata portion of the Annual Bonus based on the portion of such year that this Agreement is in effect and determined in accordance with the Program, including the achievement of the applicable performance objectives for such year.

(c) As soon as practicable after the first anniversary of the Effective Date (as defined herein), the Company will pay the Executive $150,000 (the "Special Bonus"), provided the Executive is still actively employed by the Company on such first anniversary.

(d) As soon as practicable after the date hereof, the Company shall cause SCG Holding Corporation (the "Parent") to grant the Executive an option (the "Option") to purchase 650,000 shares of common stock of the Parent at an exercise price of $1.00 per share. The Option shall be subject to and governed by the SCG Holding Corporation 1999 Founders Stock Option Plan (the "Option Plan") and shall be evidenced by a stock option grant agreement as provided under the Option Plan. Approximately 8.4 percent of the Option shall become exercisable on the Grant Date (as defined in the stock option grant agreement); an additional 8.3 percent of the Option shall become exercisable six months following the Grant Date; an additional 8.3 percent of the Option shall become exercisable on the first anniversary of the Grant Date; and on each six-month anniversary following the first one-year anniversary of the Grant Date, an additional 12.5 percent of the Option shall become exercisable until 100% of the Option is fully vested and exercisable; provided that the Executive is still employed by the Company on each such date that a portion of the Option is to become exercisable. Notwithstanding the foregoing, in the event of a Change in Control (as defined in Section 6 below) during the Employment Period and under the circumstances described in Section 5(a), the Option shall become immediately exercisable. The Option, or portion thereof, that has not become exercisable shall automatically expire on the Date of Termination (as defined in Section 4 below). The Option, or portion thereof, that has become exercisable as of the Date of Termination shall expire on the earlier of (i) ninety (90) days after the date the Executive's Employment is terminated for any reason other than Cause, death or Disability; (ii) one year after the date the Executive's employment is terminated by reason of death or Disability; (iii) the commencement of business on the date the Executive's employment is terminated for Cause; or (iv) the tenth anniversary of the Grant Date.

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

(f) The Company shall provide the Executive with a car allowance not to exceed $1,200 per month.

(g) The Company shall reimburse the Executive for all reasonable business expenses upon the presentation of statements of such expenses in accordance with the Company's policies and procedures now in force or as such policies and procedures may be modified with respect to all senior executive officers of the Company.

3. Employment Period.

The Employment Period has commenced on August 4, 1999 (the "Effective Date") and shall terminate on the third anniversary of the Effective Date (the "Scheduled Termination Date"). Notwithstanding the foregoing, the Executive's employment hereunder may be terminated during the Employment Period prior to the Scheduled Termination Date upon the earliest to occur of the following events (at which time the Employment Period shall be terminated):

(a) Death. The Executive's employment hereunder shall terminate upon his death.

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

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, the term "Cause" shall mean: (i) a material breach by the Executive of this Agreement; (ii) the failure by the Executive to reasonably and substantially perform his duties hereunder (other than as a result of physical or mental illness or injury); (iii) the Executive's willful misconduct or gross negligence which is materially injurious to the Company; or (iv) the commission by the Executive of a felony or other serious crime involving moral turpitude. In the case of clauses (i) and (ii) above, the Company shall provide notice to the Executive indicating in reasonable detail the events or circumstances that it believes constitute Cause hereunder and, if such breach or failure is reasonably susceptible to cure, provide the Executive with a reasonable period of time (not to exceed thirty days) to cure such breach or failure. If, subsequent to the Executive's termination of employment hereunder for other than Cause, it is determined in good faith by the Board that the Executive's employment could have been terminated for Cause, the Executive's employment shall, at the election of the Board, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

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

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

(f) For Good Reason. The Executive may terminate his employment hereunder for Good Reason and any such termination shall be deemed a termination by the Company without Cause. For purposes of this Agreement, "Good Reason" shall mean (i) a material breach of this Agreement by the Company, (ii) a material diminution of the Executive's duties and responsibilities hereunder, or (iii) the Executive elects to terminate his employment within one year after a Change in Control (as defined below); provided that in either (i) or (ii) above, the Executive shall notify the Company within thirty (30) days after the event or events which the Executive believes constitute Good Reason hereunder and shall describe in such notice in reasonable detail such event or events and provide the Company a reasonable time to cure such breach or diminution (not to exceed thirty (30) days).

4. Termination Procedure.

(a) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive during the Employment Period (other than a termination on account of the death of Executive) shall be communicated by written "Notice of Termination" to the other party hereto in accordance with Section 12(a).

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

5. Termination Payments.

(a) Without Cause. In the event of the termination of the Executive's employment during the Employment Period by the Company without Cause (including a deemed termination without Cause as provided in Section 3(f) herein), in addition to the Executive's accrued but unused vacation and Base Salary through the Date of Termination (to the extent not theretofore paid), all shares underlying the Option shall become immediately exercisable, and the Executive shall be entitled to a lump-sum payment, payable within thirty (30) days after the Date of Termination equal to the product of (A) either (i) three, if the Date of Termination is on or before September 1, 2001, or (ii) two, if the Date of Termination is after September 1, 2001 and prior to the Scheduled Termination Date; and (B) the sum of (i) the highest rate of the Executive's annualized Base Salary in effect at any time up to and including the Date of Termination and (ii) the Annual Bonus earned by the Executive in the year immediately preceding the Date of Termination; provided that the payments and benefits provided herein are subject to and conditioned upon the Executive executing a valid general release and waiver (in the form reasonably acceptable to the Company), waiving all claims the Executive may have against the Company, its successors, assigns, affiliates, executives, officers and directors, and such payments and benefits are subject to and conditioned upon the Executive's compliance with the Restrictive Covenants provided in Sections 8 and 9 hereof. Except as provided in this Section 5(a) and Sections 2(d), 6 and 9(c), to the extent applicable, the Company shall have no additional obligations under this Agreement.

(b) Disability or Death. If the Executive's employment is terminated during the Employment Period as a result of the Executive's death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, within thirty (30) days following the Date of Termination: (i) the Executive's accrued but unused vacation; (ii) his accrued but unpaid Base Salary; (iii) any Annual Bonus earned by the Executive in respect of the Company's fiscal year ending immediately prior to the Date of Termination; and (iv) an amount equal to the product of (A) the Annual Bonus earned by the Executive in the year immediately preceding the Date of Termination and (B) a fraction, the numerator of which is the number of days in the Company's fiscal year in which the Date of Termination occurs which are prior to the Date of Termination and the denominator of which is 365. Except as

provided in this Section 5(b) and in Sections 2(d), 6 and 9(c), to the extent applicable, the Company shall have no additional obligations under this Agreement.

(c) Cause or Voluntarily other than for Good Reason. If the Executive's employment is terminated during the Employment Period by the Company for Cause or voluntarily by the Executive for other than Good Reason, the Company shall pay the Executive within thirty (30) days following the Date of Termination: (i) the Executive's accrued but unused vacation through the Date of Termination; and (ii) his accrued but unpaid Base Salary through the Date of Termination. Except as provided in this Section 5(c) and in Sections 2(d), 6 and 9(c), to the extent applicable, the Company shall have no additional obligations under this Agreement.

6. Employment Termination in Connection with a Change in Control.

(a) In the event the Company terminates the Executive's employment without Cause (including a deemed termination without Cause as provided in Section 3(f) herein) within two years following a Change in Control (as defined below), then, in addition to all other benefits provided to the Executive under the provisions of this Agreement, the Company shall provide the Executive with continuation of medical benefits for the greater of (A) two years after the Date of Termination or (B) the remainder of the Employment Period. These benefits shall be provided to the Executive at the same cost, and at the same coverage level, as in effect as of the Executive's Date of Termination. However, in the event the cost and/or level of coverage shall change for all employees of the Company, the cost and/or coverage level, likewise, shall change for the Executive in a corresponding manner.

(b) For purposes of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events: (i) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions, directly or indirectly) of all or substantially all of the assets of the Company or the Parent to any Person (as defined below) or group of related persons for purposes of Section 13(d) of the Securities Exchange Act of 1934 (a "Group"), together with any affiliates thereof (other than to TPG Semiconductor Holdings, LLC, TPG Partners II, L.P. or any of their affiliates, including without limitation the Parent (collectively referred to herein as "TPG II"), unless the transfer to TPG II is part of a larger transaction which would otherwise cause a Change in Control to occur); (ii) the approval by the holders of capital stock of the Company or the Parent of any plan or proposal for the liquidation or dissolution of the Company or the Parent; (iii) any Person or Group (other than TPG II) shall become the owner, directly or indirectly, beneficially or of record, of shares representing more of the aggregate voting power of the issued and outstanding stock entitled to vote in the election of directors (the "Voting Stock") of the Parent than TPG II owns, directly or indirectly, beneficially or of record; (iv) the replacement of a majority of the Board or of the board of directors of Parent over a two-year period from the directors who constituted such board at the beginning of such period, and such replacement shall not have been approved by a vote of at least a majority of the Board or of the board of Parent, as applicable, then still in office who either were members of such board at the beginning of such two-year period or whose election as a member of such board was previously so approved or who were nominated by, or designees of, TPG II; (v) any Person or Group other than TPG II shall have acquired the power to elect a majority of the members of the Board or the board of directors of the Parent; or (vi) a merger or consolidation of the Parent with another entity in which holders of the common stock of the Parent immediately prior to the consummation of the transaction hold, directly or indirectly, immediately following the consummation of the transaction less than 50% of the common equity interest in the surviving corporation in such transaction. Notwithstanding the foregoing, in no event shall a Change in Control be deemed to occur as a result of an initial public offering of the Parent's common stock.

(c) For purposes of this Section 6, the term "Person" shall mean any individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

7. Legal Fees.

In the event of any contest or dispute between the Company and the Executive with respect to this Agreement or the Executive's employment hereunder, each of the parties shall be responsible for their respective legal fees and expenses.

8. Non-Solicitation.

During the Employment Period and for two (2) years thereafter, the Executive hereby agrees not to, directly or indirectly, solicit or assist any other person or entity in soliciting any employee of the Company or any of their subsidiaries to perform services for any entity (other than the Company or their subsidiaries), or attempt to induce any such employee to leave the employ of the Company or their subsidiaries.

9.Confidentiality: Non-Disclosure: Non-Disparagement.

(a) The Executive hereby agrees that, during the Employment Period and thereafter, he will hold in strict confidence any proprietary or Confidential Information related to the Company and its affiliates. For purposes of this Agreement, the term "Confidential Information" shall mean all information of the Company or any of its affiliates (in whatever form) which is not generally known to the public, including without limitation any inventions, processes, methods of distribution, customer lists or customers' or trade secrets.

(b) The Executive hereby agrees that, upon the termination of the Employment Period, he shall not take, without the prior written consent of the Company, any drawing, blueprint, specification or other document (in whatever form) of the Company or its affiliates, which is of a confidential nature relating to the Company or its affiliates, or, without limitation, relating to its or their methods of distribution, or any description of any formulas or secret processes and will return any such information (in whatever form) then in his possession.

(c) In the Event the Executive's employment hereunder is terminated pursuant to Section 3(d), 3(e) or 3(f) hereof, the Executive and the Company shall mutually agree on the time, method and content of any public announcement regarding the Executive's termination of employment hereunder and neither the Executive nor the Company shall make any public statements which are inconsistent with the information mutually agreed upon by the Company and the Executive and the parties hereto shall cooperate with each other in refuting any public statements made by other persons, which are inconsistent with the information mutually agreed upon between the Executive and Company as described above.

(d) The Executive hereby agrees not to defame or disparage the Company, its affiliates and their officers, directors, members or executives, and the Company hereby agrees that it shall not disparage or defame the Executive through any official statement of the Company, provided that, in the event the Executive's employment is terminated for Cause, the Company shall be permitted, in its discretion, to disclose the facts and circumstances surrounding such termination. The Executive hereby agrees to cooperate with the Company in refuting any defamatory or disparaging remarks by any third party made in respect of the Company or its affiliates or their directors, members, officers or executives.

10. Injunctive Relief

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

11. Representations.

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

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

12. Miscellaneous.

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

If to the Company:

Semiconductor Components Industries, LLC
5005 East McDowell Road
Phoenix, Arizona 85008
Attention: Board of Directors and Secretary

with a copy to:

Paul Shim
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, NY 10006

If to the Executive:

Dario Sacomani
Semiconductor Components Industries, LLC
5005 East McDowell Road
Phoenix, Arizona 85008

With a copy to:

K. Layne Morrill
Morrill & Aronson P.L.C.
One East Camelback Road
Suite 340
Phoenix, Arizona 85012-1648

or to such other address as any party hereto may designate by notice to the others.

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

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

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

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

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

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

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

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

(i) This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without reference to its principles of conflicts of law. The parties hereto hereby agree that any dispute, claim or cause of action related to this Agreement or the Executive's employment hereunder shall be commenced in Maricopa County, Arizona, and the parties hereby submit to the exclusive jurisdiction of such courts and waive any claim of forum non conveniens.

(j) This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. A facsimile of a signature shall be deemed to be and have the effect of an original signature.

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

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

Semiconductor Components Industries, LLC

_____

Name:

Title:

_____
Dario Sacomani

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

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

/s/ James Stoeckmann

Name: James Stoeckmann
Title: Vice President - HR

/s/ Dario Sacomani

Dario Sacomani

EXHIBIT 12.1

SEMICONDUCTOR COMPONENTS GROUP OF
MOTOROLA, INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(AMOUNT IN MILLIONS OF DOLLARS)

	YEAR ENDED DECEMBER 31, 1998(A)	SIX MONTHS ENDED JUNE 27, 1998(A)	SIX MONTHS ENDED JULY 3, 1999
Revenues less direct and allocated expenses before taxes before adjustments for income or loss from equity investments	--	--	$ 83.2
Fixed charges:			
Interest expense and interest capitalized on all indebtedness	--	--	6.3
Appropriate portion (1/3) of rentals	--	--	1.2
Total fixed charges	--	--	$ 7.5
Revenues less direct and allocated expenses before taxes before adjustments for income or loss from equity investments and fixed charges	--	--	$ (90.7)
Ratio of earnings to fixed charges	--	--	12.1

- ------------------------

(A) Due to the registrant's loss for the year ended December 31, 1998, and the six months ended June 27, 1998, the ratio coverage was less than 1:1. As such, the ratio of earnings to fixed charges has not been calculated for the respective periods. The deficiency for fiscal year 1998 and the six months ended June 27, 1998 of $144.7 million and 154.0 million, respectively, is primarily due to the charge recorded in June 1998 to cover one-time costs of Motorola's portion of the registrant's recent cost restructuring.

COMPUTATION OF PRO FORMA RATIO OF EARNINGS
TO FIXED CHARGES AFTER ADJUSTMENT FOR THE RECAPITALIZATION
AND THE RELATED TRANSACTIONS
(AMOUNTS IN MILLIONS OF DOLLARS)

	YEAR ENDED DECEMBER 31, 1998(C)	SIX MONTHS ENDED JULY 31, 1999
Pro forma revenues less direct and allocated expenses before taxes before adjustments for minority interests in consolidated subsidiaries or income or loss from equity investments and fixed charges (B)	--	$ 97.4
Fixed charges, as above	--	7.5
Adjustments:		
Net increase in interest expense and interest capitalized on all indebtedness and the appropriate portion (1/3) of all rentals to reflect the consolidation of the joint ventures	--	2.1
Estimated net increase in the interest expense from refinancing	--	56.4
Total pro forma fixed charges	--	66.0
Pro forma ratio of earnings to fixed charges	--	1.5

EXHIBIT 21.1

LIST OF SUBSIDIARIES OF SCG HOLDING CORPORATION

LEGAL NAME	PLACE OF INCORPORATION
DOMESTIC COMPANIES:	
Semiconductor Components Industries, LLC--doing business as ON Semiconductor	Delaware
SCG International Development LLC	Delaware
Semiconductor Components Industries Puerto Rico, Inc.	Delaware
SCG (China) Holding Corporation	Delaware
SCG (Malaysia SMP) Holding Corporation	Delaware
SCG (Czech) Holding Corporation	Delaware
FOREIGN COMPANIES:	
AMERICAS	
SCG do Brasil Ltda.	Brazil
SCG Canada Limited	Canada
SCG Mexico, S.A. de C.V.	Mexico
EUROPE	
SCG Czech Design Center s.r.o.	Czech Republic
SCG Holding (Netherlands), B.V.	Netherlands
SCG Investments EURL	France
SCG France S.A.S.	France
Semiconductor Components Industries Germany GmbH	Germany
SCG Italy s.r.l.	Italy
SCGS AB	Sweden
Semiconductor Components Industries UK Limited	United Kingdom
Slovakia Electronics Industries, a.s.	Slovakia
ASIA	
SCG Hong Kong SAR Limited	Hong Kong
SCG Japan Ltd.	Japan
SCG Korea Limited	Korea
SCG Malaysia Holdings Sendirian Berhad	Malaysia
SCG Industries Malaysia Sdn Bnd	Malaysia
SCG Philippines Inc.	Philippines
Semiconductor Components Industries Singapore Ptc. Ltd.	Singapore
Semiconductor Components Industries (Thailand) Limited	Thailand

Exhibit 23.1

Consent of Independent Auditors

We consent to the use of our report included herein on the combined balance sheets of the Semiconductor Components Group of Motorola, Inc. as of December 31, 1997 and 1998 and the combined statements of revenues less direct and allocated expenses before taxes for each of the years in the three-year period ended December 31, 1998 and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG LLP

Phoenix, Arizona
November 4, 1999

EXHIBIT 24.1

POWER OF ATTORNEY

Each of the directors and/or directors of SCG Holding Corporation (the "Company"), which propose to file with the United States Securities and Exchange Commission (the "SEC"), under the provisions of the Securities Act of 1933, as amended, a Registration Statement on Form S-4 and any other applicable form prescribed by the SEC for the registration under said Act of the 12% Senior Subordinated Notes due 2009 (the "Notes") of the Company and its wholly-owned subsidiary, Semiconductor Components Industries, LLC, in connection with the public offering of such Notes, hereby constitutes and appoints Steve Hanson, James Thorburn and Dario Sacomani, and each of them singly, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, to act, for him and in his name, place and stead and on his behalf, in any and all capacities, to sign such Registration Statement on Form F-4 and any and all amendments, including post effective amendments, and other documents relating thereto and to file on behalf of the Company such Registration Statement on Form F-4 and amendments with all exhibits thereto and any and all other information and documents in connection therewith, with the SEC, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite as fully to all intents and purposes as he might or could do in person as a director and/or officer, as the case may be, of the Company, hereby ratifying and confirming all that said attorney-in-fact and agent may lawfully do or cause to be done by virtue hereof, and this power of attorney shall remain in effect until June 30, 2000.

Signature	Title(s)	Date
/s/ Curtis J. Crawford - ---------- Curtis J. Crawford	Chairman of the Board of Directors of the Company	October 28, 1999
/s/ David Bonderman - ---------- David Bonderman	Director of the Company	October 27, 1999
/s/ Richard A. Boyce - ---------- Richard A. Boyce	Director of the Company	October 27, 1999
/s/ Justin T. Chang - ---------- Justin T. Chang	Director of the Company	October 28, 1999
/s/ David M. Stanton - ---------- David M. Stanton	Director of the Company	October 29, 1999

EXHIBIT 25.1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE
TRUST INDENTURE ACT OF 1939 OF A CORPORATION
DESIGNATED TO ACT AS TRUSTEE

|_| CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(B)(2)

STATE STREET BANK AND TRUST COMPANY

(Exact name of trustee as specified in its charter)

Massachusetts	04-1867445
(State of incorporation if not a national bank)	(I.R.S. Employer Identification No.)

225 Franklin Street, Boston, Massachusetts 02110

(Address of principal executive offices) (Zip Code)

Maureen Scannell Bateman, Executive Vice President and General Counsel, 225 Franklin Street, Boston, Massachusetts 02110
(617) 654-3253

(Name, address and telephone number of agent for service)

SCG HOLDING CORPORATION
SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

(Exact name of obligor as specified in its charter)

Delaware	36-3840979
Delaware	36-4292817
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5005 E. McDowell Road, Phoenix, Arizona 85008

(Address of principal executive offices) (Zip Code)

12% Senior Subordinated Notes due 2009
Guarantee of the 12% Senior Subordinated Notes due 2009

(Title of the indenture securities)

Item l. GENERAL INFORMATION.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject:

Department of Banking and Insurance of
The Commonwealth of Massachusetts
100 Cambridge Street
Boston, Massachusetts

Board of Governors of the Federal Reserve System
Washington, D.C.

Federal Deposit Insurance Corporation
Washington, D.C.

(b) Whether it is authorized to exercise corporate trust powers:

The trustee is so authorized.

Item 2. AFFILIATIONS WITH OBLIGOR. If the obligor is an affiliate of the trustee, describe each such affiliation.

None with respect to the trustee or its parent, State Street Corporation.

Item l6. LIST OF EXHIBITS. List below all exhibits filed as a part of this statement of eligibility and qualification.

l. A copy of the Articles of Association of the trustee as now in effect.

A copy of the Articles of Association of the trustee, as now in effect, is on file with the Securities and Exchange Commission as Exhibit 1 to Amendment No. 1 to the Statement of Eligibility and Qualification of Trustee (Form T-1) filed with Registration Statement of Morse Shoe, Inc. (File No. 22-17940) and is incorporated herein by reference thereto.

2. A copy of the Certificate of Authority of the trustee to do Business.

A copy of a Statement from the Commissioner of Banks of Massachusetts that no certificate of authority for the trustee to commence business was necessary or issued is on file with the Securities

and Exchange Commission as Exhibit 2 to Amendment No. 1 to the Statement of Eligibility and Qualification of Trustee (Form T-1) filed with Registration Statement of Morse Shoe, Inc. (File No. 22-17940) and is incorporated herein by reference thereto.

3. A copy of the Certification of Fiduciary Powers of the Trustee.

   A copy of the authorization of the trustee to exercise corporate trust powers is on file with the Securities and Exchange Commission as Exhibit 3 to Amendment No. 1 to the Statement of Eligibility and Qualification of Trustee (Form T-1) filed with Registration Statement of Morse Shoe, Inc. (File No. 22-17940) and is incorporated herein by reference thereto.

4. A copy of the By-laws of the trustee as now in effect.

   A copy of the By-Laws of the trustee, as now in effect, is on file with the Securities and Exchange Commission as Exhibit 4 to the Statement of Eligibility and Qualification of Trustee (Form T-1) filed with Registration Statement of Eastern Edison Company (File No. 33-37823) and is incorporated herein by reference thereto.

5. A consent of the trustee required by Section 32l(b) of the Act is annexed hereto as Exhibit 5 and made a part hereof.

6. A copy of the latest Consolidated Reports of Condition of the trustee, published pursuant to law or the requirements of its supervising or examining authority.

   A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority is annexed hereto as Exhibit 6 and made a part hereof.

NOTES

Inasmuch as this Form T-l is filed prior to the ascertainment by the trustee of all facts on which to base its answer to Item 2, the answer to said Item is based upon incomplete information. Said Item may, however, be considered correct unless amended by an amendment to this Form T-l.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of l939, the trustee, State Street Bank and Trust Company, a Massachusetts trust company, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Hartford, and State of Connecticut, on the 22nd day of October, 1999.

STATE STREET BANK AND TRUST
COMPANY,
Trustee

By /s/ Steven Cimalore

Name: Steven Cimalore
Title: Vice President

EXHIBIT 5

CONSENT OF THE TRUSTEE
REQUIRED BY SECTION 321(b)
OF THE TRUST INDENTURE ACT OF 1939

The undersigned, as Trustee under an Indenture entered into among SCG Holding Corporation, Semiconductor Components Industries, LLC and State Street Bank and Trust Company, Trustee, does hereby consent that, pursuant to Section 321(b) of the Trust Indenture Act of 1939, reports of examinations with respect to the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

STATE STREET BANK AND TRUST
COMPANY,
Trustee

By /s/ Steven Cimalore

Name: Steven Cimalore
Title: Vice President

Dated: October 22, 1999

EXHIBIT 6

Consolidated Report of Condition of State Street Bank and Trust Company, Massachusetts and foreign and domestic subsidiaries, a state banking institution organized and operating under the banking laws of this commonwealth and a member of the Federal Reserve System, at the close of business JUNE 30, 1999, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act and in accordance with a call made by the Commissioner of Banks under General Laws, Chapter 172, Section 22(a).

ASSETS	Thousands of Dollars
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	1,755,237
Interest-bearing balances	14,209,161
Securities	13,027,148
Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and its Edge subsidiary	7,840,413
Loans and lease financing receivables:	
Loans and leases, net of unearned income	8,134,756
Allowance for loan and lease losses	88,351
Allocated transfer risk reserve	0
Loans and leases, net of unearned income and allowances	8,046,405
Assets held in trading accounts	1,753,511
Premises and fixed assets	529,247
Other real estate owned	0
Investments in unconsolidated subsidiaries	603
Customers' liability to this bank on acceptances outstanding	76,078
Intangible assets	223,035
Other assets	1,481,250
Total assets	48,942,088
LIABILITIES	
Deposits:	
In domestic offices	13,006,374
Noninterest-bearing	9,462,505
Interest-bearing	3,543,869
In foreign offices and Edge subsidiary	19,913,151
Noninterest-bearing	444,189
Interest-bearing	19,468,962
Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge subsidiary	10,510,055
Demand notes issued to the U.S. Treasury	0
Trading liabilities	1,151,604
Other borrowed money	198,253
Subordinated notes and debentures	0
Bank's liability on acceptances executed and outstanding	76,078
Other liabilities	1,291,791
Total liabilities	46,147,306
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	29,931
Surplus	489,739
Undivided profits and capital reserves/Net unrealized holding gains (losses)	2,313,006
Net unrealized holding gains (losses) on available-for-sale securities	(25,610)
Cumulative foreign currency translation adjustments	(12,284)
Total equity capital	2,794,782
Total liabilities and equity capital	48,942,088

I, Rex S. Schuette, Senior Vice President and Comptroller of the above named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true to the best of my knowledge and belief.

Rex S. Schuette

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true and correct.

David A. Spina
Marshall N. Carter
Truman S. Casner

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0001097864
SCG Holding Corporation
1,000,000,000

YEAR	6-MOS
DEC-31-1998	DEC-31-1999
JAN-01-1998	JAN-01-1999
DEC-31-1998	JUL-03-1999
0	0
0	0
0	0
0	0
202	207
211	217
1611	1633
1099	1162
777	753
91	69
0	0
0	0
0	0
0	0
681	679
777	753
1493	774
1493	774
1069	549
1620	685
10	4
0	0
18	7
(136)	85
0	0
(136)	85
0	0
0	0
0	0
(136)	85
0	0
0	0

STOCKHOLDERS' AGREEMENT

This AGREEMENT is made as of this 4th day of August, 1999, by and among SCG Holding Corporation, a Delaware corporation (the "COMPANY") and each of the following (hereinafter severally referred to as a "STOCKHOLDER" and collectively referred to as the "STOCKHOLDERS"): TPG Semiconductor Holdings LLC, a Delaware limited liability company ("TPG HOLDINGS"), Motorola, Inc., a Delaware corporation ("MOTOROLA"), and each additional person who becomes a party to this Agreement pursuant to Article V hereof as a stockholder of the Company.

WHEREAS, TPG Holdings, Motorola and the Company have heretofore entered into an Agreement and Plan of Recapitalization and Merger, dated as of May 11, 1999, as amended (the "RECAPITALIZATION AGREEMENT"), which provides for, among other things, the recapitalization of the Company and the issuance of shares of capital stock of the Company to TPG Holdings on the terms and subject to the conditions set forth in the Recapitalization Agreement (the "RECAPITALIZATION");

WHEREAS, the Stockholders will acquire or hold all of the issued and outstanding shares of common stock, $0.01 par value, of the Company (such shares, together with any additional shares of common stock issued by the Company, being hereinafter severally referred to as a "COMMON SHARE" and collectively referred to as the "COMMON SHARES," and, together with the shares of Series A Cumulative Preferred Stock, $0.01 par value, of the Company (the "PREFERRED SHARES"), being hereinafter severally referred to as a "SHARE" and collectively referred to as the "SHARES"); and

WHEREAS, the parties hereto desire to enter into an agreement regarding certain matters described herein, including the imposition of certain restrictions on the transferability of the Shares.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties mutually agree as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES

Each of the parties hereby severally represents and warrants to each of the other parties as follows:

1.1 AUTHORITY; ENFORCEABILITY. Such party has the legal capacity or corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. Such party is duly organized and validly existing under the laws of its jurisdiction of organization, and the execution of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary action. No other act or proceeding, corporate or otherwise, on its part is necessary to authorize the execution of this Agreement or the consummation of any of the transactions contemplated hereby. This Agreement has been duly

executed by such party and constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms of this Agreement, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally and to the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or of equity).

1.2 NO BREACH. Neither the execution of this Agreement nor the performance by such party of its obligations hereunder nor the consummation of the transactions contemplated hereby does or will:

(a) conflict with or violate its certificate of incorporation, bylaws or other organizational documents;

(b) violate, conflict with or result in the breach or termination of, or otherwise give any other person the right to accelerate, re-negotiate or terminate or receive any payment, or constitute a default or an event of default (or an event which with notice, lapse of time, or both, would constitute a default or event of default) under the terms of, any contract or agreement to which it is a party or by which it or any of its assets or operations are bound or affected; or

(c) constitute a violation by such party of any laws, rules or regulations of any governmental, administrative or regulatory authority or any judgments, orders, rulings or awards of any court, arbitrator or other judicial authority or any governmental, administrative or regulatory authority.

1.3 CONSENTS. No consent, waiver, approval, authorization, exemption, registration, license or declaration is required to be made or obtained by such party, other than those which have been made or obtained, in connection with (i) the execution or enforceability of this Agreement or (ii) the consummation of any of the transactions contemplated hereby.

1.4 SHARE OWNERSHIP. (a) Such party will own, immediately following the consummation of the transactions contemplated by the Recapitalization Agreement, the number of Shares of each class set forth opposite such party's name in Schedule 1.4 attached hereto, free and clear of any and all liens, claims and encumbrances, other than those created by this Agreement.

(b) The Company represents and warrants that, as of the date hereof, (i) the authorized capital stock of the Company consists of (A) 1,000,000 Common Shares, of which 100,000 Common Shares are issued and outstanding, and (B) 100,000 shares of preferred stock, of which 2,090 Preferred Shares are issued and outstanding.

ARTICLE II

TRANSFER OF SHARES

2.1 RESTRICTIONS ON TRANSFERS.

(a) No Stockholder may transfer by way of sale, exchange, assignment, pledge, gift or other disposition (all of which acts shall be deemed included in the term "TRANSFER"

as used in this Agreement) any or all of the Shares (whether held in its, his or her own right or by a representative of the Stockholder) (each Stockholder, other than TPG Holdings or any of its affiliates (each a "TPG HOLDER"), is hereinafter referred to as a "TRANSFEROR") unless (i) such transfer of Shares is made on the books of the Company and in accordance with the provisions of Article II of this Agreement and (ii) the transferee of such Shares (if other than (A) the Company or another Stockholder, (B) a transferee in a sale of Shares made under Rule 144 (or any successor provision) under the Securities Act of 1933, as amended (the "SECURITIES ACT"), or (C) a transferee of Shares registered under the Securities Act agrees to become a party to this Agreement pursuant to Article V hereof and executes such further documents as may be necessary, in the opinion of the Company, to make him, her or it a party hereto.

(b) Any purported transfer of Shares other than in accordance with this Agreement by any Transferor shall be null and void, and the Company shall refuse to recognize any such transfer for any purpose and shall not reflect in its records any change in record ownership of Shares pursuant to any such transfer.

(c) The Company shall not issue any Shares upon original issue or reissue or otherwise dispose of any Shares unless the recipient or transferee of such Shares (if other than a Stockholder) shall agree to become a party to this Agreement pursuant to Article V hereof and executes such further documents as may be necessary, in the opinion of the Company, to make him, her or it a party hereto.

2.2 RIGHT OF FIRST OFFER.

(a) In the event that a Transferor desires to sell or transfer all or part of its Common Shares ("OFFERED COMMON SHARES") or Preferred Shares (the "OFFERED PREFERRED SHARES" and, together with the Offered Common Shares, "OFFERED SHARES"), other than pursuant to Section 2.3, 2.4 or 2.5 of this Agreement or in a public offering or in a brokerage transaction through the public securities markets, the Transferor shall give prompt written notice (a "TRANSFEROR'S NOTICE") of its desire to sell the Offered Shares to the Company and TPG Holdings, which notice shall identify (i) the number of Offered Common Shares, (ii) the number of Offered Preferred Shares and (iii) any other material items and conditions of the proposed transfer (including the purchase price). The date on which such Transferor's Notice is actually received by the Company and TPG Holdings is referred to hereinafter as the "NOTICE DATE."

(b) The TPG Holders shall have fifteen (15) days following the Notice Date to notify the Transferor and the Company in writing of an offer to purchase in cash (the "OFFER TO PURCHASE") all (but not less than all) of the Offered Shares by one or more of the TPG Holders (the "ELECTING HOLDERS") at the purchase price and upon the other terms and conditions specified in the Transferor's Notice, including without limitation the proposed closing date for the purchase and any other material term or condition of the proposed purchase. If the Transferor does not receive a written notice from any of the TPG Holders containing a cash offer to purchase the Offered Shares within the fifteen (15) day period, the TPG Holders shall be deemed to have declined to purchase such Offered Shares and the Transferor may, subject to compliance with the provisions of Section 2.1(a) and Section 2.2(e), thereafter transfer to any purchaser at any time within 120 days following the Notice Date all (but not less than all) of the Offered Shares at a price which is not less than the purchase price specified in the Transferor's Notice

and upon substantially the same terms and conditions set forth in the Transferor's Notice; PROVIDED that if TPG Holdings notifies the Transferor in writing, within fifteen (15) days following receipt of the notice required by Section 2.2(e), of an objection to the purchaser because the purchaser or one or more of its affiliates is engaged in the semiconductor business, the Transferor shall not have the right to transfer any of the Offered Common Shares to such purchaser (but shall be permitted to transfer the Offered Preferred Shares); and PROVIDED FURTHER that if the Offered Common Shares are not transferred to a purchaser for any reason within 120 days following the Notice Date, then such Offered Common Shares may be transferred only by again complying with all of the terms and procedures set forth in this Article II.

(c) The Transferor shall have fifteen (15) days following receipt of the Offer to Purchase to accept the offer made by the Electing Holders to purchase all (but not less than all) of the Offered Shares on the terms and subject to the conditions set forth in the Offer to Purchase. If, in accordance with the terms of the preceding sentence, the Transferor accepts the offer made by the Electing Holders to purchase all (but not less than all) of the Offered Shares on the terms and subject to the conditions set forth in the Offer to Purchase, the closing for such transaction shall take place at a time and place reasonably acceptable to the Transferor and the Electing Holders; PROVIDED that such closing shall not occur more than thirty (30) days after the date on which the Electing Holders actually receive notice that their Offer to Purchase has been accepted by the Transferor. At such closing, the Electing Holders shall deliver to the Transferor the consideration to be exchanged for such Offered Shares, in immediately available funds, and the Transferor shall deliver to the Electing Holders all documents required to effect the sale of such Offered Shares, duly endorsed and free of any liens, including appropriate documentation providing indemnities to the Electing Holders regarding its title to such Offered Shares and such other matters as are customary for such transactions.

(d) If, within fifteen (15) days following receipt of the Offer to Purchase, the Transferor rejects or does not accept the Offer to Purchase made by the Electing Holders, such Transferor may, subject to compliance with the provisions of Section 2.1(a) and Section 2.2(e), thereafter sell all (but not less than all) of the Offered Shares to any purchaser upon substantially the same terms and conditions as are specified in the Transferor's Notice at any time within 120 days following the Notice Date; PROVIDED that (i) the purchase price for such Offered Shares in any such transaction is in cash and is not less than the proposed cash purchase price offered by the Electing Holders for such Offered Shares and (ii) if TPG Holdings notifies the Transferor in writing, within ten (10) days following receipt of the notice required by Section 2.2(e), of an objection to the purchaser because the purchaser or one or more of its affiliates is engaged in the semiconductor business, the Transferor shall not have the right to transfer any of the Offered Shares to such purchaser; and PROVIDED FURTHER that if the Offered Shares are not transferred to a purchaser for any reason within 120 days following the Notice Date, then such Offered Common Shares may be transferred only by again complying with all of the terms and procedures set forth in this Article II.

(e) As soon as practicable, but in any event no less than fifteen (15) days prior to the consummation of a proposed sale of Offered Shares to a purchaser pursuant to Section 2.2(d), the Transferor shall give written notice to the Company and TPG Holdings, which notice shall specify with respect to each such proposed sale (i) the identity of the purchaser, (ii) the cash

purchase price to be paid by such purchaser for the Offered Shares, (iii) the date of the proposed transfer and (iv) any other material items and conditions of the proposed sale.

2.3 TRANSFERS TO PERMITTED TRANSFEREES. A Stockholder may transfer any or all of the Shares held by such Stockholder to a Permitted Transferee (as hereinafter defined) of such Stockholder without complying with any other provision of this Article II other than Section 2.1. For purposes of this Agreement, a "PERMITTED TRANSFEREE" means (a) in the case of any Stockholder that is not a corporation or individual, any general or limited partner, member, managing director, officer, employee or affiliate (as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of such Stockholder, (b) in the case of any Stockholder that is a corporation, any other entity that owns, directly or indirectly, at least 51% of the equity securities of such Stockholder ("MAJORITY OWNERSHIP") or that is under common majority ownership with such Stockholder, (c) in the case of any Stockholder that is an individual, any successor by death or divorce or (d) in the case of any Stockholder that is a trust whose sole beneficiaries are individuals, such individuals or their spouses or lineal descendants.

2.4 BANKRUPTCY OF A STOCKHOLDER.

(a) Upon the bankruptcy (as hereinafter defined in Section 2.4(d) below) of a Stockholder (a "BANKRUPT STOCKHOLDER"), the TPG Holders may, by written notice given to the Bankrupt Stockholder, the other Stockholders and the Company within 30 days following the occurrence of the event specified in Section 2.4(d) which gives rise to such bankruptcy, elect to purchase for cash part or all of such Bankrupt Stockholder's shares (the "BANKRUPT SHARES") at a price equal to the fair market value of such shares at the time of purchase, as determined by an independent appraiser to be selected by the Company and reasonably satisfactory to the Bankrupt Stockholder. Fees and expenses of any independent appraiser selected pursuant to this subsection shall be shared equally by the Bankrupt Stockholder and the TPG Holders.

(b) If the TPG Holders elect to acquire fewer than all of the Bankrupt Shares within 30 days after the event giving rise to such bankruptcy, the Company shall thereupon have the option, exercisable by written notice given to the Bankrupt Stockholder and the other Stockholders within 45 days after the event giving rise to such bankruptcy, to purchase for cash all or part of the remaining Bankrupt Shares at the price determined in accordance with Section 2.4(a) above.

(c) Upon the giving of the notices provided in Sections 2.4(a) and (b) above, the TPG Holders and/or the Company, as the case may be, shall be obligated severally, but not jointly, to purchase, and the Bankrupt Stockholder shall be obligated to sell to each of them, the respective numbers of such Bankrupt Shares specified in such notices (or determined in accordance with Section 2.4(a) above, as the case may be) for cash at the price determined in accordance with Section 2.4(a) above.

(d) The bankruptcy of a Stockholder shall be deemed to occur upon the occurrence of any of the following events:

(i) The filing of a voluntary petition in bankruptcy by such Stockholder;

(ii) The filing of an involuntary petition in bankruptcy with respect to such Stockholder which remains undismissed for a period of 90 days;

(iii) The appointment of a receiver with respect to such Stockholder or with respect to all or substantially all of his, her or its assets or affairs which remains undismissed for a period of 60 days; or

(iv) The admission in writing by the Stockholder of his, her or its inability to pay his, her or its debts generally as they become due.

2.5 CERTAIN RIGHTS.

(a) DRAG ALONG RIGHTS. If the TPG Holders desire to sell all or substantially all of their Common Shares to a purchaser (other than pursuant to Section 2.3) and said purchaser desires to acquire all or substantially all of the issued and outstanding Common Shares (or all or substantially all of the assets of the Company) upon such terms and conditions as agreed to with the TPG Holders, each other Stockholder agrees to sell all of its Common Shares to said purchaser (or to vote such Common Shares in favor of any merger or other transaction which would effect a sale of such Common Shares (or all or substantially all of the assets of the Company) and to waive its appraisal or dissenters' rights with respect to such transaction, at the same price per Common Share and pursuant to the same terms and conditions with respect to payment for the Common Shares as agreed to by the TPG Holders. In such case, the TPG Holders shall give written notice of such sale to the other Stockholders at least 30 days prior to the consummation of such sale, setting forth (i) the consideration to be received by the Stockholders, (ii) the identity of the purchaser, (iii) any other material items and conditions of the proposed transfer and (iv) the date of the proposed transfer.

(b) TAG ALONG RIGHTS. (i) Subject to paragraph (v) of this Section 2.5(b), if a TPG Holder proposes to transfer any Common Shares or Preferred Shares to a purchaser other than a Permitted Transferee of such TPG Holder, except in a public offering or in a brokerage transaction through the public securities markets, such TPG Holder (hereinafter referred to as a "SELLING TPG STOCKHOLDER") shall give written notice (a "TRANSFER NOTICE") of such proposed transfer to the Stockholders other than the TPG Holders (the "OTHER STOCKHOLDERS") at least 30 days prior to the consummation of such proposed transfer, setting forth for each class of Shares (A) the number of Shares offered, if any, (B) the consideration to be received for such Shares by such Selling TPG Stockholder, (C) the identity of the purchaser, (D) any other material items and conditions of the proposed transfer, (E) the date of the proposed transfer and (F) that each such Other Stockholder shall have the right to elect to sell up to its Pro Rata Portion (as defined in Section 2.5(b)(iii) below) of such Shares.

(ii) Subject to paragraph (iv) of this Section 2.5(b), upon delivery of a Transfer Notice, each Other Stockholder may elect to sell up to the Pro Rata Portion of its Shares of the same class and series proposed to be sold by the Selling TPG Stockholder, at the same price per Share of the same class and pursuant to the same terms and conditions with respect to payment for the Shares of the same class and series as agreed to by the Selling TPG Stockholder, by sending written notice to the Selling TPG Stockholder within 15 days of the date of the Transfer Notice, indicating its election to sell up to the Pro Rata Portion of its Shares of the same class in

the same transaction. Following such 15 day period, each of the Selling TPG Stockholder and each Other Stockholder, concurrently with the Selling TPG Stockholder, shall be permitted to sell to the purchaser on the terms and conditions set forth in the Transfer Notice the Pro Rata Portion of its Shares.

(iii) For purposes of this Agreement, "PRO RATA PORTION" shall mean, with respect to Common Shares or Preferred Shares, as the case may be, held by a Stockholder, a number equal to the product of (A) the total number of such shares then owned by such Stockholder and (B) a fraction, the numerator of which shall be the total number of such shares proposed to be sold to a purchaser as set forth in a Transfer Notice or initially proposed to be registered by the Selling TPG Stockholder, as the case may be, and the denominator of which shall be the total number of such shares then outstanding (including such shares proposed to be sold or registered by the Selling TPG Stockholder).

(iv) Notwithstanding anything to the contrary contained herein but subject to the last sentence of Section 2.5(b)(ii), if a Selling TPG Stockholder proposes to transfer both Common Shares and Preferred Shares in the same transaction or in related transactions, each Other Stockholder electing to sell Shares pursuant to this Section 2.5(b) shall be required to sell both Common Shares and Preferred Shares. In such event, the number of Preferred Shares which each Other Stockholder may sell or transfer pursuant to this Section 2.5(b) shall be up to its applicable Pro Rata Portion of such shares, and the number of Common Shares which such Other Stockholder shall be required to sell or transfer in such transaction or transactions shall be exactly the product (rounded to the nearest whole number) of (A) the total number of Preferred Shares to be sold or transferred by such Other Stockholder determined in accordance with this Section 2.5(b)(iv) and (B) a fraction, of which the numerator shall be the number of Common Shares proposed to be sold by the Selling TPG Stockholder and the denominator shall be the number of Preferred Shares proposed to be sold by the Selling TPG Stockholder.

(v) Notwithstanding anything to the contrary contained herein, the provisions of this Section 2.5(b) shall not apply to any sale or transfer by the TPG Holders of a class of Shares in connection with the retention by the Company or its subsidiaries of directors, officers, advisors or consultants, or the sale of other securities of the Company, its parent or subsidiaries, unless and until the TPG Holders, after giving effect to the proposed sale or transfer, shall have sold or transferred in the aggregate, other than to Permitted Transferees, more than 10% of such class of Shares outstanding on the date of such sale.

(c) PIGGYBACK REGISTRATION RIGHTS.

(i) NOTICE TO STOCKHOLDERS. If the Company determines that it will file a registration statement under the Securities Act, other than a registration statement on Form S-4, Form S-8 or any similar form under the Securities Act, for an offering of Shares by the Company or a TPG Holder (a "REGISTERING SELLER"), then the Company shall give prompt written notice to each of the Other Stockholders that such filing is expected to be made (but in no event less than 30 days nor more than 60 days in advance of filing such registration statement), the class of Shares included in the offering, the jurisdiction or jurisdictions in which such offering is expected to be made, and the underwriter or underwriters (if any) that the Company (or the person requesting such registration) intends to designate for such offering. If the Company,

within 15 days after giving such notice, receives a written request for registration of any Shares of the same class from any of the Other Stockholders, then the Company shall include in the same registration statement the number of such additional Shares to be sold by each Other Stockholder as shall have been specified in its request; PROVIDED, HOWEVER, that each Other Stockholder shall not be permitted to register more than a Pro Rata Portion (as defined in Section 2.5(b)(iii), substituting "Registering Seller" for "Selling TPG Stockholder") of its Shares. The rights of the Other Shareholders pursuant to this Section 2.5(c)(i) to register their respective Shares shall be transferable to the transferees of such Shares. The Company shall bear all costs of preparing and filing the registration statement, including any fees of the Securities and Exchange Commission or the National Association of Securities Dealers, Inc. (but shall not be responsible for underwriting discounts or fees or similar costs or expenses, or fees or expenses of counsel to any selling stockholder), and shall indemnify and hold harmless any selling shareholder of any Shares covered by such registration statement, the transferees of any such selling shareholder and the underwriters, if any, and their respective affiliates and control persons against liability under the Securities Act and the Exchange Act relating to such registration statement. Each selling shareholder shall indemnify the Company and the underwriters, if any, and their respective affiliates and control persons against liability under the Securities Act and the Exchange Act relating to information provided by such selling shareholder in writing specifically for inclusion in the registration statement.

Notwithstanding anything herein to the contrary, the Company, on prior notice to the participating Stockholder, may abandon its intention to file a registration statement under this Section 2.5(c) at any time prior to such filing.

(ii) ALLOCATION. If the managing underwriter shall inform the Company (or the person requesting such registration) in writing that the number of Common Shares requested to be included in such registration exceeds the number which can be sold in (or during the time of) such offering within a price range acceptable to the Company (or, if the offering is not for the Company's account, such person), then the Company shall include in such registration such number of Common Shares which the Company (or such person) is so advised can be sold in (or during the time of) such offering. All Stockholders proposing to sell Common Shares shall share pro rata in the number of Common Shares to be excluded from such offering, such sharing to be based on the respective numbers of Common Shares as to which registration has been requested by such Stockholders.

(iii) PERMITTED TRANSFER. Notwithstanding anything to the contrary contained herein, sales of Common Shares pursuant to a registration statement filed by the Company may be made without compliance with any provision of this Article II other than this Section 2.5(c).

(d) CALL RIGHT. Notwithstanding anything to the contrary contained herein, the TPG Holders shall have the right to purchase from any of the Other Stockholders, at any time and from time to time, all or any portion of the Preferred Shares held by such Other Stockholder at a per share purchase price in cash equal to the per share redemption price (including accumulated and unpaid dividends, as applicable) of the Preferred Shares then in effect. Such right shall be exercised by the delivery by a TPG Holder of a written notice to the Other Stockholder, and such purchase and sale shall be effected on the third business day following

delivery of such notice by a wire transfer of immediately available funds in the amount of the purchase price against delivery of stock certificates representing the Preferred Shares being purchased and sold.

ARTICLE III

LEGENDS ON SHARE CERTIFICATES

3.1 The certificates representing the Shares shall include an endorsement typed conspicuously thereon of the following legend:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR UNDER STATE SECURITIES LAWS. THESE SECURITIES MAY NOT BE RESOLD OR TRANSFERRED UNLESS REGISTERED OR EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS. IN ADDITION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS OF A STOCKHOLDERS' AGREEMENT DATED AS OF AUGUST 4, 1999 AND MAY NOT BE VOTED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH SUCH AGREEMENT."

In the event that any Shares shall cease to be Restricted Shares (as hereinafter defined), the Company shall, upon the written request of the holder thereof, issue to such holder a new certificate representing such Shares without the first two sentences of the legend required by this Section 3.1. In the event that any Shares shall cease to be subject to the restrictions on transfer set forth in this Agreement, the Company shall, upon the request of the holder thereof, issue to such holder a new certificate representing such Shares without the third sentence of the legend required by Section 3.1.

"RESTRICTED SHARES" shall mean all Shares other than (a) Shares that have been registered under a registration statement pursuant to the Securities Act and sold thereunder, (b) Shares with respect to which a sale or other disposition has been made in reliance on and in accordance with Rule 144 (or any successor provision) under the Securities Act, or (c) Shares with respect to which the holder thereof shall have delivered to the Company either (i) an opinion, in form and substance satisfactory to the Company, of counsel, who shall be satisfactory to the Company, or (ii) a "no action" letter from the Securities and Exchange Commission, to the effect that subsequent transfers of such Shares may be effected without registration under the Securities Act.

3.2 All certificates for Shares representing Restricted Shares hereafter issued, whether upon transfer or original issue, shall be endorsed with a like legend.

3.3 Upon the exercise of any option to purchase described herein, the certificates representing the Shares purchased shall be delivered to the Secretary of the Company and properly endorsed for transfer on the stock books of the Company.

ARTICLE IV

RIGHTS WITH RESPECT TO RESALES

4.1 PROFIT SHARING. In the event that a Sale Transaction (as defined below) is consummated at any time during the period commencing on the date hereof and ending on the date which is twelve months from and after the date hereof (the "RESALE PERIOD"), TPG Holdings shall pay or cause to be paid to Motorola an aggregate amount (the "PROFIT SHARING AMOUNT") equal to 30% of the aggregate Resale Profit (as defined below) realized by TPG Holdings from such Sale Transaction. The Profit Sharing Amount shall be paid in the same form and composition as comprises the Sale Consideration (as defined below) at the closing thereof.

4.2 DEFINITIONS. For purposes of this Article IV, the following terms have the meanings set forth below:

(a) "SALE TRANSACTION" means any sale, conveyance, assignment, disposition or other transfer, other than to a Permitted Transferee of TPG Holdings, of all or substantially all of the assets or voting stock of the Company, whether by sale of stock or assets, merger, consolidation or otherwise, but excluding (i) a sale of securities in an underwritten public offering registered under the Securities Act or (ii) a pledge or assignment of interests or assets of the Company to a lender in the ordinary course of business (and the subsequent exercise of remedies by such lender).

(b) "RESALE PROFIT" means, with respect to any Sale Transaction, an amount equal to the excess, if any, of (i) the Sale Consideration received by, payable to or inuring to the benefit of, the holders of Common Shares, directly or indirectly, in respect of the Common Shares as a result of such Sale Transaction, over (ii) the sum of (A) $187,500,000, (B) the amount of any additional equity contribution made to the Company or its Subsidiaries to or for Common Shares after the date hereof, and (C) any taxes, fees or expenses incurred in connection with the Sale Transaction.

(c) "SALE CONSIDERATION" means, with respect to any Sale Transaction, the value of all cash, securities and other property paid, or to be paid, directly or indirectly, by an acquiror to holders of Common Shares or the Company in connection with such Sale Transaction. The value of any non-cash consideration shall be the fair market value of such consideration, as determined in good faith by the Board of Directors of the Company.

ARTICLE V

ADDITIONAL PARTIES

Notwithstanding the provisions of Section 6.3, additional Stockholders may be added to and be bound by and receive the benefits afforded by this Agreement upon the signing and delivery of a counterpart of this Agreement by the Company and the acceptance thereof by such additional Stockholders, PROVIDED that any Permitted Transferee of a TPG Holder that is an affiliate of such TPG Holder shall, by signing and delivering such a counterpart of this Agreement, become a TPG Holder under this Agreement. Promptly after signing and delivering

such a counterpart of this Agreement, the Company will deliver a conformed copy thereof to the Stockholders.

ARTICLE VI

MISCELLANEOUS PROVISIONS

6.1 SPECIFIC PERFORMANCE. The parties hereby declare and acknowledge that it is impossible to measure in money the damages which will accrue to any party hereto or to a representative of a Stockholder by reason of a failure to perform any of the obligations under this Agreement. Therefore, if any party hereto or the representative of a Stockholder shall institute any action or proceeding to enforce the provisions hereof, the person against whom such action or proceeding is brought hereby waives the claim or defense that such party or such representative has an adequate remedy at law, and such person shall not urge in any such action or proceeding the claim or defense that such party or such representative has an adequate remedy at law. The parties hereto agree that this Agreement shall be specifically enforceable.

6.2 NOTICES. Any and all notices, designations, offers, acceptances or other communications provided for herein shall be given in writing by registered or certified mail, which shall be addressed, in the case of the Company, to its principal office, and, in the case of any Stockholder, to such Stockholder's address appearing on the stock books of the Company or to such other address as may be designated by such Stockholder in writing to the Company.

6.3 ENTIRE AGREEMENT. This Agreement constitutes the only agreement between the parties hereto respecting restrictions on the transferability of the Shares and supersedes all prior agreements, expressed or implied, between the parties with respect to the matters set forth herein.

6.4 GOVERNING LAW. The validity, construction and performance of this Agreement shall be governed by the laws of the State of New York without giving effect to principles of conflicts of laws except Section 5-1401 of the General Obligations Law of the State of New York.

6.5 BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their successors and assigns.

6.6 SEVERABILITY. If any portion of this Agreement shall be declared void or unenforceable by any court or administrative body of competent jurisdiction, such portion shall be deemed severable from the remainder of this Agreement, which shall continue in all respects valid and enforceable.

6.7 AMENDMENT AND WAIVER. Any amendment of this Agreement or any waiver of any provision hereof to be effective shall be in writing and signed by all of the parties hereto. The addition of a Transferee of Shares or a recipient of any Shares as a party hereto pursuant to Article V hereof shall not constitute an amendment hereto and need be signed only by the Company and such Transferee or recipient. Any failure by any party at any time to enforce any of the provisions of this Agreement shall not be construed a waiver of such provision or any other provisions hereof.

6.8 TERMINATION. This Agreement shall terminate on the earlier of (a) the date on which the shares of capital stock of the Company held by the TPG Holders represent, in the aggregate, less than thirty-five percent (35%) of the total voting power of the Company's capital stock and (b) the consummation of an underwritten initial public offering by the Company of any Shares; PROVIDED, HOWEVER, that the rights, if any, of any Stockholder set forth in Section 2.5(c) of this Agreement shall terminate with respect to a class of Shares at such time (not earlier than the third anniversary of the date of this Agreement) as the Stockholder shall be legally permitted to sell all Shares of such class then held by the Stockholder without registering such Shares under the Securities Act.

6.9 MANAGEMENT FEES. The Company and its subsidiaries shall not pay to TPG Holdings or its affiliates any management fee during the term of this Agreement.

6.10 COUNTERPARTS. This Agreement may be signed by each party hereto upon a separate copy of this Agreement in which event all of said copies shall constitute a single counterpart of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

Each Stockholder in agreement with the foregoing should sign the form of acceptance in the space provided for such Stockholder's signature on this copy of this Agreement delivered to such Stockholder. This Agreement will become a binding agreement among such Stockholders and the Company when signed by the Company and so accepted by such Stockholders.

The foregoing Stockholders' Agreement is hereby accepted as of the day and year first above written.

SCG HOLDING CORPORATION

By: /s/ George H. Cave

Name:
Title:

[remainder of page intentionally left blank]

Stockholders:

TPG SEMICONDUCTOR HOLDINGS LLC

By: /s/ Dipanjan Deb

Name: Dipanjan Deb
Title: Vice President

[remainder of page intentionally left blank]

MOTOROLA, INC.

By: /s/ Carl F. Koenemann

Name: Carl F. Koenemann
Title: Executive Vice President and
Chief Financial Officer

[remainder of page intentionally left blank]

SCHEDULE 1.4

Stockholder	Common Shares Owned
TPG Semiconductor Holdings LLC	91,463
Motorola, Inc.	8,537

Stockholder	Preferred Shares Owned
TPG Semiconductor Holdings LLC	1,500
Motorola, Inc.	590