

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 2023

Or

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

For the transition period from _____ to _____

(Commission File Number) 001-39317

ON SEMICONDUCTOR 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.)

**5701 N. Pima Road
Scottsdale, AZ 85250
(602) 244-6600**

(Address, zip code and telephone number, including area code, of principal executive offices)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ON	The Nasdaq Stock Market LLC

Securities Registered Pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was \$40,710,818,329 as of June 30, 2023, based on the closing sales price of such stock on the Nasdaq Global Select Market. Shares held by executive officers, directors and persons owning directly or indirectly more than 10% of the outstanding common stock (as applicable) have been excluded from the preceding number because such persons may be deemed to be affiliates of the registrant.

The number of shares of the registrant's common stock outstanding at January 31, 2024 was 427,328,652.

Documents Incorporated by Reference

Portions of the registrant's Definitive Proxy Statement relating to its 2024 Annual Meeting of Stockholders, which is expected to be filed pursuant to Regulation 14A within 120 days after the registrant's fiscal year ended December 31, 2023, are incorporated by reference into Part III of this Form 10-K.

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

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GLOSSARY OF SELECTED ABBREVIATED TERMS*

Abbreviated Term	Defined Term
0% Notes	0% Convertible Senior Notes due 2027
0.50% Notes	0.50% Convertible Senior Notes due 2029
1.625% Notes	1.625% Convertible Senior Notes due 2023
3.875% Notes	3.875% Senior Notes due 2028
ADAS	Advanced driver assistance systems
AI	Artificial Intelligence
Amended and Restated SIP	ON Semiconductor Corporation Amended and Restated Stock Incentive Plan, as amended
AMIS	AMIS Holdings, Inc.
AR/VR	Augmented reality/virtual reality
ASC	Accounting Standards Codification
ASIC	Application specific integrated circuits
ASU	Accounting Standards Update
CMOS	Complementary metal oxide semiconductor
Commission or SEC	Securities and Exchange Commission
ECL	Emitter coupled logic
EFK	East Fishkill, New York fabrication facility
EPA	Environmental Protection Agency
ESPP	ON Semiconductor Corporation 2000 Employee Stock Purchase Plan, as amended
EV/HEV	Electric vehicles/hybrid electric vehicles
Exchange Act	Securities Exchange Act of 1934, as amended
Fairchild	Fairchild Semiconductor International LLC, a wholly-owned subsidiary of ON Semiconductor Corporation
FASB	Financial Accounting Standards Board
IC	Integrated circuit
IGBT	Insulated-gate bipolar transistor
IP	Intellectual property
IPRD	In-process research and development
LIBO Rate	A base rate per annum equal to the London Interbank Offered Rate as administered by the Intercontinental Exchange Benchmark Administration
LSI	Large-scale integration
MOSFET	Metal oxide semiconductor field effect transistor
New Credit Agreement	Credit agreement, dated as of June 22, 2023, by and among the Company, as borrower, the several lenders party thereto, JP Morgan Chase Bank, N.A., as administrative agent, and certain other parties, providing for the Revolving Credit Facility
OEM	Original equipment manufacturers
PC	Personal computer
Prior Credit Agreement	Credit agreement, dated as of April 15, 2016, as subsequently amended, by and among the Company, as borrower, the several lenders party thereto, Deutsche Bank AG, New York Branch, as administrative agent and collateral agent, and certain other parties, providing for the Revolver due 2024 and the Term Loan "B" Facility, that was terminated on June 22, 2023 and replaced by the New Credit Agreement.
PRP	Potentially responsible party
QCS	Division within ASG, primarily associated with the legacy Quantenna division

Revolver due 2024	A \$1.97 billion revolving credit facility created pursuant to the Prior Credit Agreement
Revolving Credit Facility	A \$1.5 billion revolving credit facility created pursuant to the New Credit Agreement
ROU	Right-of-use
RSU	Restricted stock unit
SCI LLC	Semiconductor Components Industries, LLC, a wholly-owned subsidiary of ON Semiconductor Corporation
Securities Act	Securities Act of 1933, as amended
SiC	Silicon carbide
SiPM	Silicon photomultipliers
SPAD	Single photon avalanche diode arrays
Term Loan "B" Facility	A \$2.4 billion term loan "B" facility created pursuant to the Prior Credit Agreement
U.S. or United States	United States of America
WBG	Wide band gap

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

PART I

Item 1. *Business*

Overview

ON Semiconductor Corporation, together with its wholly and majority-owned subsidiaries, which operate under the onsemi™ brand ("onsemi," "we," "us," "our," or the "Company"), was incorporated under the laws of the state of Delaware in 1992.

We provide intelligent power and intelligent sensing solutions with a primary focus towards automotive and industrial markets to help our customers solve challenging problems and create cutting-edge products for a better future. Our intelligent power technologies enable the electrification of the automotive industry that allows for lighter and longer-range electric vehicles, empowers efficient fast-charging systems and propels sustainable energy for the highest efficiency solar strings, industrial power and storage systems. Our intelligent power solutions for the automotive industry allow our customers to exceed range targets with lower weight and reduce system cost through efficiency. Our intelligent sensing technologies support the next generation industry, allowing for smarter factories and buildings while also enhancing the automotive mobility experience with imaging and depth sensing that make advanced vehicle safety and automated driving systems possible.

We believe the evolution of the automotive industry, with advancements in autonomous driving, ADAS, vehicle electrification, and the increase in electronics content for vehicle platforms, is reshaping the boundaries of transportation. Through sensing integration, we believe our intelligent power solutions achieve superior efficiencies compared to our peers. This integration allows lower temperature operation and reduced cooling requirements while saving costs and minimizing weight. In addition, our power solutions deliver power with less die per module, achieving higher range for a given battery capacity.

As of December 31, 2023, we were organized into the following three operating and reportable segments: the Power Solutions Group ("PSG"), the Advanced Solutions Group ("ASG") and the Intelligent Sensing Group ("ISG").

Business Strategy Developments

Our primary focus continues to be on profitable revenue and operating income growth by capturing high-growth megatrends in our focused end-markets of automotive and industrial infrastructure. We are designing products in highly-differentiated markets focused on customer needs while optimizing our manufacturing footprint to support growth and maintain gross margins through efficiencies and new product development.

We are focused on achieving efficiencies in our operating and capital expenditures, capital allocation on research and development investments and resources to accelerate growth in high-margin products and end-markets. During the year, we ramped up manufacturing at our EFK location, as well as expanded our capacity in Hudson, New Hampshire, Roznov, the Czech Republic, and Bucheon, South Korea to increase our SiC manufacturing capabilities to meet the growing demand for our SiC-based solutions.

Business Realignment

During 2023, we realigned our operating models in ASG, Corporate information technology ("IT") organization and certain manufacturing locations in order to streamline our operations, achieve organizational efficiencies and consolidate resources into fewer, common sites across the world to align with the next phase of our multi-year "Fab Right" manufacturing strategy. Under these business realignment efforts, approximately 1,900 employees were notified of their employment termination. We incurred severance and related charges of approximately \$59.1 million related to these actions in 2023.

2023 Financing activities

0.50% Convertible Senior Notes due 2029

On February 28, 2023, we completed the offering of \$1.5 billion aggregate principal amount of our 0.50% Notes and utilized the net proceeds along with cash generated from operations to (i) repay \$1,086.0 million of the outstanding indebtedness under the Term Loan "B" Facility and the related transaction fees and expenses, (ii) pay \$171.5 million net cost of the related convertible note hedges after such costs were offset by the proceeds from the sale of warrants, and (iii) for general corporate purposes.

New Credit Agreement

On June 22, 2023, we entered into the New Credit Agreement to replace the Revolver due 2024, which was maturing on June 28, 2024. We drew \$375.0 million against the Revolving Credit Facility and repaid the entire outstanding balance under the Revolver due 2024. We had previously repaid \$125.0 million of the outstanding balance under the Revolver due 2024 during the first quarter of 2023. As of December 31, 2023, we had approximately \$1.1 billion available under the Revolving Credit Facility for future borrowings.

1.625% Notes maturity and repayment

On October 16, 2023, we repaid \$119.6 million of the remaining outstanding principal amount of the 1.625% Notes in cash and settled the excess over the principal amount by issuing 4.5 million shares of our common stock. Under the previously executed bond hedge agreements, we also repurchased an equivalent number of shares of our common stock for no additional consideration, to effectively offset the issuance of shares.

See Note 7: "Restructuring, Asset Impairments and Other Charges, net" and Note 9: "Long-Term Debt" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K for additional information related to our restructuring efforts and financing activities.

Acquisitions and Divestitures during 2021 and 2022

On October 28, 2021, we completed our acquisition of GT Advanced Technologies Inc. ("GTAT"), a producer of SiC substrates. The purchase price for the acquisition was \$434.9 million, which included cash consideration of \$424.6 million and effective settlement of pre-acquisition balances (non-cash) of approximately \$10.0 million, in exchange for all of the outstanding equity interests of GTAT.

On December 31, 2022, we completed the acquisition of the manufacturing facility at EFK along with certain other assets and liabilities from GLOBALFOUNDRIES U.S. Inc. ("GFUS") for total consideration of \$406.3 million. We paid GFUS \$236.3 million, \$100.0 million and \$70.0 million during 2023, 2020 and 2019, respectively.

During 2022, in line with our business strategy, we divested four wafer manufacturing facilities in Oudenaarde, Belgium, South Portland, Maine, Pocatello, Idaho and Niigata, Japan. We entered into wafer supply agreements with the respective buyers of these facilities to help minimize disruptions in our ability to meet customer demand for our products.

See Note 5: "Acquisitions and Divestitures" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K for additional information.

Revenue-Generating Activities

onsemi generates revenue from the sale of semiconductor products to distributors and direct customers. We also generate revenue, to a much lesser extent, from product development agreements and manufacturing services provided to customers. We believe that our ability to offer a broad range of products, combined with our global manufacturing and logistics network, provides our customers with single source purchasing.

The following table illustrates the product technologies under each of our segments based on our operating strategy:

	PSG	ASG	ISG
2023 Revenue (%)	54%	30%	16%
	Analog products	Analog products	Actuator Drivers
	SiC products	ASIC products	CMOS Image Sensors
	Discrete products	ECL products	Image Signal Processors
	MOSFET products	Foundry products / services	Single Photon Detectors
	Power Module products	Gate Driver products	
	Isolation products	LSI products	
	Memory products	Standard Logic products	
	Gate Driver products		
	Standard Logic products		

See Note 3: "Revenue and Segment Information" in the notes to our audited consolidated financial statements included

elsewhere in this Form 10-K for other information regarding our segments, their revenue and property, plant and equipment and the gross profit derived from each segment.

Products and Technology

The following provides certain information regarding the products and technologies for each of our operating segments.

PSG

PSG offers a wide array of analog, discrete, module and integrated semiconductor products that perform multiple application functions, including power switching, power conversion, signal conditioning, circuit protection, signal amplification and voltage regulation functions. The trends driving growth within our end-user markets are primarily higher power efficiency and power density in power applications, the demand for greater functionality, and faster data transmission rates in all communications. The advancement of existing volt electrical infrastructure, electrification of power train in the form of EV/HEV, higher trench density enabling lower losses in power efficient packages and lower capacitance and integrated signal conditioning products to support faster data transmission rates significantly increase the use of high-power semiconductor solutions. The recent increase in the use of WBG MOSFETs and diodes, including SiC and IGBT, is further expanding the use of semiconductor products.

ASG

ASG designs and develops analog, mixed-signal, Power Management ICs and Sensor Interface devices for a broad base of end-users in the Automotive, Industrial, Compute and Mobile end-markets. We implement a platform-based design approach to rapidly proliferate product portfolios. ASG offers technology that provides our customers system-level differentiation such as multi-phase controllers, gate drivers, DC-DC converters, AC-DC converters, ultrasonic sensors, inductive sensors, audiology digital signal processors, analog front ends, Bluetooth Low Energy, wired connectivity and more.

ISG

ISG designs and develops CMOS image sensors, image signal processors, single photon detectors, including SiPM and SPAD arrays, as well as actuator drivers for autofocus and image stabilization for a broad base of end-users in the different end-markets. Our broad range of product offerings delivers excellent pixel performance, sensor functionality and camera systems capabilities in which high quality visual imagery is becoming increasingly important to our customers and their end-users, particularly in automotive and factory automation and in applications powered by AI.

Customers

We sell our products to distributors and direct customers for ultimate use in a variety of end-products in different end-markets. In general, we have maintained long-term relationships with our key customers and our sales agreements are renewable periodically and contain certain terms and conditions with respect to payment, delivery, warranty and supply. During 2023, we continued to enter into long-term supply agreements with certain strategic end-customers, which generally include minimum purchase commitments or amended existing terms based on mutual agreements. Certain of our agreements, subject to our standard terms and conditions, have provisions allowing for renegotiation upon mutual agreement.

We generally warrant that products sold to our customers will, at the time of shipment, be free from defects in workmanship and materials and conform to our approved specifications. Our standard warranty extends for a period of two years from the date of delivery, except in the case of image sensor products, which are warranted for one year from the date of delivery. Unless otherwise agreed in writing with our customers, they may cancel orders 120 days prior to shipment for standard products without penalty and, for custom products, prior to shipment, provided they pay onsemi's actual costs incurred as of the date we receive the cancellation notice. The loss of one of our large customers would have a material adverse effect on the operations of the respective segment and may have a material adverse effect on our consolidated results of operations.

Distributors

Sales to distributors accounted for approximately 52% of our revenue in 2023, 58% of our revenue in 2022 and 64% of our revenue in 2021. There were no distributors whose revenue exceeded 10% or more of total revenue for the year ended December 31, 2023. We had one distributor whose revenue accounted for approximately 12% and 13% of the total revenue for the years ended December 31, 2022 and 2021, respectively. Our distributors resell our products to OEMs, contract

manufacturers, and other end-customers. Sales to distributors are typically made pursuant to agreements that provide return rights and stock rotation provisions permitting limited levels of product returns.

Direct Customers

Sales to direct customers, accounted for approximately 48% of our revenue in 2023, 42% of our revenue in 2022 and 36% of our revenue in 2021. Large multi-nationals and selected regional OEMs, which are significant in specific markets, form our core direct customers. Generally, these customers do not have the right to return our products following a sale other than pursuant to our warranty.

For additional information regarding agreements with our customers, see "Markets," "Resources" and "Risk Factors - Trends, Risks and Uncertainties Related to Our Business" included elsewhere in this Form 10-K and Note 2: "Significant Accounting Policies" under the heading "Revenue Recognition" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K.

Markets

Product Development

onsemi is focused on innovation to create intelligent power and sensing technologies that solve the most challenging customer problems. Our product development efforts are directed towards the following:

- powering the electrification of the automotive industry with our intelligent power technologies that allow for lighter and longer-range electric vehicles and enable efficient fast-charging systems;
- propelling the sustainable energy evolution with our intelligent power technologies for the highest efficiency solar strings, industrial power and storage systems;
- enhancing the automotive mobility experience with our intelligent sensing technologies with imaging and depth sensing that make advanced vehicle safety and automated driving systems possible; and
- enabling automation and data exchange (Industry 4.0) with our intelligent sensing technologies for smarter factories and buildings.

While our new product development efforts continue to be focused on building solutions in areas that appeal to customers in focused market segments and across multiple high-growth applications, it is our practice to regularly re-evaluate our research and development spending, to assess the deployment of resources and to review the funding of high-growth technologies. We deploy people and capital with the goal of maximizing the return for our research and development investments by targeting innovative products and solutions for high growth applications that we believe position us to outperform the industry.

End-Markets

We serve a broad base of end-user markets, with a primary focus towards automotive and industrial. The following table sets forth our principal end-markets, the estimated percentage (based in part on information provided by our distributors) of our revenue generated from each end-market during 2023, and sample applications for our products. Other includes the end-markets of computing, consumer, networking, communication, etc.

	Automotive	Industrial	Other
2023 Revenue (%)	52%	28%	20%
<i>Sample applications</i>	EV	Energy & EV Charging Infrastructure	Cloud Computing/Data Center Servers
	ADAS	Industrial Automation	5G Base Stations
	Power Management	Security & Surveillance	Graphics Cards
	Powertrain	Machine Vision	Gaming, Home Entertainment Systems, & Set Top Boxes
	In-Vehicle Networking	Smart Cities & Buildings	Routers
	Body & Interior	Hearing Health, Diagnostic, Therapy, & Monitoring	Notebooks, Laptops, Desktop PCs and Tablets
	Lighting	Power Solutions	USB Type-C
	Sensors	AR/VR	White Goods
	Engine Control	Motor Control	Power Supplies
		Robotics	Smart Phones

Competition

We face significant competition from major international semiconductor companies, as well as smaller companies focused on specific market niches. Because some of our components include functionality that in some cases may be integrated into more complex ICs, we also face competition from manufacturers of ICs, ASICs and fully-customized ICs, as well as customers who develop their own IC products. See "Risk Factors—Trends, Risks and Uncertainties Related to Our Business" included elsewhere in this Form 10-K for additional information.

Some of our competitors have greater financial and other resources to pursue development, engineering, manufacturing, marketing and distribution of their products and may generally be better situated to withstand adverse economic or market conditions. The semiconductor industry has experienced, and may continue to experience, significant consolidation among companies and vertical integration among customers. The following discusses the effects of competition on our three operating segments:

PSG

Our competitive strengths include our core competencies of leading-edge fabrication technologies, micro and module packaging expertise, breadth of product line and IP portfolio, high-quality, cost-effective manufacturing and supply chain management, which helps to ensure supply to our customers. Our commitment to continual innovation allows us to provide an ever-broader range of semiconductor solutions to our customers who differentiate in power density and power efficiency, the key performance characteristics driving our markets.

The principal methods of competition in our discrete, module and integrated semiconductor products are through new products and package innovations enabling enhanced performance over existing products. Of particular importance are our intelligent power technologies based on silicon and SiC wide band gap technologies, which we use to design, manufacture, and deliver to our customers as bare die, packaged discrete solutions or power module solutions. In addition to our power technologies, we believe our integrated circuit, signal and protection technologies have significant performance advantages over our competition. PSG's primary competitors include: Infineon Technologies AG ("Infineon"), STMicroelectronics N.V. ("STMicroelectronics"), Wolfspeed Inc., Texas Instruments Incorporated ("TI") and Nexperia BV.

ASG

ASG principally competes on design experience, manufacturing capability, depth and quality of IP, ability to service customer needs from the design phase to the shipping of a completed product, length of design cycle, longevity of technology support and experience of sales and technical support personnel. Our competitive position with respect to the above basis is enhanced by long-standing relationships with leading direct customers.

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

certain of ASG's products and solutions include: TI, Analog Devices, Inc., Infineon, STMicroelectronics, Renesas Electronics Corporation, Monolithic Power Systems Inc. and NXP Semiconductors N.V. ("NXP").

ISG

ISG differentiates itself from the competition through deep technical knowledge and close customer relationships to drive leading edge sensing performance primarily in machine vision applications. ISG has significant imaging experience and was one of the earliest to commercialize CMOS active pixel sensors and introduce CMOS technology in many of our markets. ISG has leveraged this expertise into market-leading positions in automotive and industrial applications, which allows us to offer technical and end-user applications knowledge to help customers develop innovative sensing solutions across a broad range of end-user needs.

Competitors for certain of ISG's products and solutions include: Sony Semiconductor Manufacturing Corporation, Samsung Electronics Co., Ltd., and Omnivision Technologies Inc.

Sales, Marketing and Distribution

We have global distribution centers in China, the Philippines and Singapore. Global and regional distribution channels further support our customers' needs for quick response and service. We offer efficient, cost-effective global applications support from our technical information centers and solution engineering centers, allowing for applications that are developed in one region of the world to be instantaneously available throughout all other regions.

Backlog

Our sales are made primarily pursuant to orders that are booked as far as 52 weeks in advance of delivery. Generally, prices and quantities are fixed at the time of booking. Backlog as of a given date consists of existing orders and forecasted demand from our customers, in each case scheduled to be shipped in the current or future period. Backlog is influenced by several factors, including market demand, pricing and customer order patterns in reaction to product lead times. In the semiconductor industry, backlog quantities and shipment schedules under outstanding purchase orders are frequently revised to reflect changes in customer needs.

Resources

Raw Materials

Our manufacturing processes use many raw materials, including silicon wafers, SiC wafers, laminate substrates, gold, copper, lead frames, mold compound, ceramic packages and various chemicals and gases, as well as other production supplies used in our manufacturing processes. We seek to obtain our raw materials and supplies in a timely, planned manner from our suppliers to allow for our manufacturing cycle to align with the timing of our customer demands. However, suppliers may extend lead times, limit supplies or increase prices due to capacity constraints or other factors beyond our control.

Manufacturing and Design Operations

We currently have domestic design operations in Arizona, California, Idaho, New York, Oregon, Pennsylvania, Rhode Island and Texas. We also have foreign design operations in Belgium, Canada, China, the Czech Republic, France, Germany, India, Ireland, Israel, Italy, Japan, South Korea, the Philippines, Romania, Singapore, the Slovak Republic, Slovenia, Switzerland, Taiwan and the United Kingdom. We operate front-end wafer fabrication facilities in the United States, the Czech Republic, Japan, South Korea, and Malaysia and back-end assembly and test site facilities in Canada, China, Malaysia, the Philippines, Vietnam and the United States. In addition to these front-end and back-end manufacturing operations, our facility in Hudson, New Hampshire manufactures SiC crystal boules and our facilities in Rožnov pod Radhoštěm, the Czech Republic and Bucheon, South Korea manufactures silicon and SiC wafers that are used by a number of our facilities.

The table below sets forth information with respect to the manufacturing facilities we operate either directly or pursuant to joint ventures, the reportable segments that use such facilities, and the approximate gross square footage of each site's building, which includes, among other things, manufacturing, laboratory, warehousing, office, utility, support and unused areas.

Location	Reportable Segment	Size (sq. ft.)
<i>Front-end Facilities:</i>		
East Fishkill, New York	ASG, ISG and PSG	2,724,137
Gresham, Oregon	ASG, ISG and PSG	558,457
Rožnov pod Radhoštěm, the Czech Republic	ASG and PSG	438,882
Seremban, Malaysia (Site 2) (3)	ASG and PSG	133,061
Bucheon, South Korea	ASG and PSG	1,113,938
Mountaintop, Pennsylvania	ASG and PSG	437,000
Aizuwakamatsu, Japan	ASG and PSG	734,482
<i>Back-end Facilities:</i>		
Burlington, Canada (1)	ASG	95,440
Leshan, China (3)	ASG and PSG	416,339
Seremban, Malaysia (Site 1) (3)	ASG, ISG and PSG	328,275
Carmona, Philippines (3)	ASG, ISG and PSG	926,367
Tarlac City, Philippines (3)	ASG, ISG and PSG	381,764
Shenzhen, China (1)	ASG, ISG and PSG	275,463
Bien Hoa, Vietnam (3)	ASG and PSG	294,418
Nampa, Idaho (1) (2)	ISG	166,268
Cebu, Philippines (3)	ASG and PSG	228,460
Suzhou, China (3)	ASG and PSG	452,639
<i>Other Facilities:</i>		
Rožnov pod Radhoštěm, the Czech Republic	ASG, ISG and PSG	11,873
Thuan An District, Vietnam (3)	ASG and PSG	30,494
Hudson, New Hampshire (1)	PSG	272,036

- (1) These facilities are leased.
(2) This facility is used for both front-end and back-end operations.
(3) These facilities are located on leased land.

For additional information regarding acquisitions and divestitures, see Note 5: "Acquisitions and Divestitures" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K.

All of our manufacturing facilities are fully owned and operated by us, except our assembly and test operations facility located in Leshan, China, which is owned by Leshan-Phoenix Semiconductor Company Limited, a joint venture company in which we own 80% of the outstanding equity interests ("Leshan"). The financial and operating results of Leshan have been consolidated in our financial statements. Our joint venture partner is Leshan Radio Company Ltd. ("Leshan Radio"), formerly a Chinese state-owned enterprise. Pursuant to the joint venture agreement between us and Leshan Radio, requests for production capacity are made to the board of directors of Leshan by each shareholder of the joint venture. Each request represents a purchase commitment, provided that any shareholder may elect to pay the cost associated with the unused capacity (which is generally equal to the fixed cost of the capacity) in lieu of satisfying the commitment. We purchased 80% of Leshan's production capacity in each of 2023, 2022 and 2021, and are currently committed to purchase approximately 80% of Leshan's expected production capacity in 2024.

We use third-party contractors for some of our manufacturing activities, primarily for wafer fabrication and the assembly and testing of finished goods. Our agreements with these contract manufacturers typically require us to forecast product needs and commit to purchase services consistent with these forecasts. In some cases, longer-term commitments are required in the early stages of the relationship. These manufacturers collectively accounted for approximately 36% of our total manufacturing input costs in 2023, 43% in 2022 and 37% in 2021.

For information regarding risks associated with our foreign operations, see "Risk Factors — Trends, Risks and Uncertainties Related to Our Business" included elsewhere in this Form 10-K.

Patents, Trademarks, Copyrights and Other Intellectual Property Rights

We market our products under worldwide trademarks, including the ON Semiconductor, ON, onsemi, and various product names and logos, and, in the United States and internationally, we rely primarily on a combination of patents, trademarks, copyrights, trade secrets, employee and non-disclosure agreements and licensing agreements to protect our IP. We acquired, licensed or sublicensed a significant amount of IP, including patents and patent applications, in connection with our acquisitions, and we have numerous United States and foreign patents issued, allowed and pending. As of December 31, 2023, we held patents with expiration dates ranging from 2024 to 2043. We do not consider our business substantially dependent on any single onsemi patent. Our policy is to protect our products and processes by asserting our IP rights where appropriate and prudent and by obtaining patents, copyrights and other IP rights used in connection with our business when practicable and appropriate.

For information regarding risks associated with intellectual property, see "Risk Factors — Trends, Risks and Uncertainties Related to Intellectual Property" included elsewhere in this Form 10-K.

Seasonality

We believe our business today is driven more by content gains within applications and secular growth drivers and not solely by macroeconomic and industry cyclicality, as was the case historically. However, we could again experience period-to-period fluctuations in operating results due to general industry or macroeconomic conditions. For information regarding risks associated with the cyclicality and seasonality of our business, see "Risk Factors—Trends, Risks and Uncertainties Related to Our Business" included elsewhere in this Form 10-K.

Government Regulation

Our manufacturing operations are subject to various United States and foreign environmental and worker health and safety laws and regulations. These laws and regulations include those relating to emissions and discharges into the air and water, the management and disposal of hazardous substances, the release of hazardous substances into the environment at or from our facilities and at other sites and the investigation and remediation of contamination. As with other companies engaged in like businesses, the nature of our operations exposes us to the risk of liabilities and claims, regardless of fault, with respect to such matters, including personal injury claims and civil and criminal fines.

We believe that our operations are in material compliance with applicable environmental and health and safety laws and regulations. The costs we incurred in complying with applicable environmental regulations for the year ended December 31, 2023 were not material, and we do not currently expect the cost of complying with existing environmental and health and safety laws and regulations, together with any liabilities for currently known environmental conditions, to have a material adverse effect on our capital expenditures or earnings or on our competitive position in any one year. It is possible, however, that future developments, including changes in laws and regulations, government policies, customer specification, personnel and physical property conditions, including currently undiscovered contamination, could lead to material costs, and such costs may have a material adverse effect on our future business or prospects. See Note 13: "Commitments and Contingencies" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K for information on certain environmental matters.

We are also subject to numerous United States and foreign laws and regulations, including, without limitation, tariffs, trade sanctions, trade barriers, trade embargoes, regulations relating to import-export control, technology transfer restrictions, the International Traffic in Arms Regulation promulgated under the Arms Export Control Act ("ITAR"), the Foreign Corrupt Practices Act ("FCPA"), and the anti-boycott provisions of the U.S. Export Administration Act. Additionally, United States and foreign governmental authorities have taken, and may continue to take, administrative, legislative or regulatory action that could impact our operations.

We believe that our operations are in material compliance with applicable trade regulations relating to import-export control, technology transfer restrictions, ITAR, FCPA, the anti-boycott provisions of the U.S. Export Administration Act, and similar applicable laws and regulations. The costs we incurred in complying with applicable trade regulations for the year ended December 31, 2023 were not material, and we do not currently expect the cost of complying with existing trade laws and regulations to have a material adverse effect on our capital expenditures or earnings or on our competitive position in any one year. It is possible, however, that future developments, including changes in laws and regulations or government policies, could

lead to material costs, and such costs may have a material adverse effect on our future business or prospects. For information regarding risks associated with import-export control regulations and similar applicable laws and regulations, see "Risk Factors—Trends, Risks and Uncertainties Related to Our Business" included elsewhere in this Form 10-K.

Environmental, Social and Governance Initiatives

onsemi strives to be a responsible corporate citizen. We uphold ethical standards in our business practices and policies, and we believe that sustainable corporate practices and consistent attention to environmental, social and governance priorities will help enhance long-term value for our stockholders.

onsemi strives to protect and respect its environment and energy resources for future generations throughout its operations, including wafer fabrication, assembly, test, support operations, and through its value chain. In 2022, onsemi affirmed its climate change policy, highlighting the focus areas for its climate change-related actions. We have a goal to achieve net zero emissions by 2040, and we are currently formulating the strategy and taking initial steps towards the achievement.

We work together with our customers, peers, partners and suppliers to promote continual improvement in human rights, labor, environment, health and safety, anti-corruption, ethics and management system standards within our operations and our supply chain. We proactively comply with the Responsible Business Alliance ("RBA") Code of Conduct, which is aimed at eliminating forced labor, slavery and human trafficking and conflict minerals, pursuant to our involvement with the Responsible Minerals Initiative.

Our Board of Directors (the "Board of Directors") and management regularly evaluate our corporate responsibility policies, including our Code of Business Conduct and other corporate social responsibility policies and programs, to help ensure an effective outcome and adherence by our employees, suppliers, vendors and partners.

Human Capital Resources

Core Principles

Our success depends on our ability to attract, train, retain and motivate our employees involved in the design, development, manufacturing and support of new and existing products and services. As we are a member of the RBA, its principles are fundamental to our corporate culture and core values and are reflected in our commitments to our employees, customers, communities and other stakeholders. These principles include providing a safe and positive work environment to our employees that emphasizes learning and professional development and respect for individuals and ethical conduct.

Headcount

As of December 31, 2023, we had approximately 30,000 regular full-time employees and approximately 100 part-time and temporary employees in facilities located in 33 countries. Approximately 13.8% of our regular full-time employees are located in the United States and Canada, 11.3% in Europe and Middle Eastern countries and 74.9% in Asia Pacific and Japan, with approximately 75.3% engaged in manufacturing, 1.8% in research and development, 3.7% in customer service or other aspects of sales and marketing, and 19.2% in other roles. Approximately 97 of our domestic employees (or approximately 2.4% of our United States-based employees) are covered by a collective bargaining agreement. All of these employees are located at our Mountain Top, Pennsylvania manufacturing facility. Certain of our foreign employees are covered by collective bargaining arrangements (e.g., those in China, Vietnam, Japan, the Czech Republic and Belgium) or similar arrangements or are represented by workers councils.

Diversity, Equity and Inclusion

We are consciously expanding the diversity of our workforce, creating growth and development opportunities for our employees, embracing different perspectives and fostering an inclusive work environment. We have organization-level and overall metrics to monitor for diverse director-level and above employees, diverse new hires and diverse promotions. Our Human Resources organization and the Human Capital and Compensation Committee of the Board of Directors, through its charter, provides oversight of our policies, programs and initiatives focusing on workflow equity and workplace inclusion.

Compensation, Benefits, Health, Safety and Wellness

Our compensation philosophy is focused on delivering competitive compensation with total rewards based on corporate affordability in a way that enables attraction, retention, and recognition of performance delivered in an equitable manner. We

provide our employees and their families with access to flexible and convenient health and wellness programs, including benefits that secure them during events that may require time away from work or that impact their financial well-being. We use a combination of total rewards and other programs (which vary by region and salary grade) to attract and retain our employees, including: annual performance bonuses; stock awards, including an employee stock purchase plan; retirement support; healthcare and insurance benefits; business travel and disability insurance; health savings and flexible spending accounts; flexible work schedules, vacation and paid time off; parental leave; paid counseling assistance; backup child and adult care; education assistance; and on-site services, such as health centers and fitness centers.

Career Growth and Development

We invest resources in professional development and growth as a means of improving employee motivation, performance and improving retention. Our talent development programs provide employees with the resources they need to help achieve their career goals, build management skills and lead their organizations. We have established a leadership pathway model as a tool for employees to practice and apply learning as part of their development.

Turnover

We monitor employee turnover rates by region and globally. The average tenure of our employees is approximately 10 years and approximately 40% of our employees have been employed by us for more than 10 years. We believe our compensation philosophy, along with the career growth and development opportunities promotes longer employee tenure and reduces voluntary turnover.

Information about Our Executive Officers

Certain information concerning our executive officers as of February 5, 2024 is set forth below.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Hassane El-Khoury	44	President, Chief Executive Officer and Director
Thad Trent	56	Executive Vice President, Chief Financial Officer and Treasurer
Ross F. Jatou	54	Senior Vice President and General Manager, ISG
Simon Keeton	50	Executive Vice President and General Manager, PSG
Sudhir Gopalswamy	54	Senior Vice President and General Manager, ASG

All of our executive officers are also officers of SCI LLC. The present term of office for the officers named above will generally expire on the earliest of their retirement, resignation or removal. There are no family relationships among our executive officers.

Hassane El-Khoury. Mr. El-Khoury was appointed as President, Chief Executive Officer and Director of onsemi in December 2020. Prior to joining onsemi, he spent 13 years at Cypress Semiconductor Corporation, a semiconductor design and manufacturing company ("Cypress"), serving as Chief Executive Officer from August 2016 to April 2020. During his time at Cypress, he held various positions spanning business unit management, product development, applications engineering and business development. Additionally, Mr. El-Khoury currently serves as a member of the board of directors at Leia, Inc. He holds a Bachelor of Science in electrical engineering from Lawrence Technological University and a Master's of Engineering Management from Oakland University.

Thad Trent. Mr. Trent was appointed Executive Vice President and Chief Financial Officer and Treasurer of onsemi in February 2021. Mr. Trent has held several leadership roles throughout his career. He served as Chief Financial Officer at Cypress ("Cypress CFO") responsible for strategic planning, accounting, investor relations, tax, corporate development and information technology. He first joined Cypress in 2005, and served as Cypress CFO from June 2014 until its sale to Infineon in April 2020. Under his leadership, Cypress' revenue increased from \$723 million to \$2.5 billion, and the enterprise value increased five times during his five-year tenure as Cypress CFO. He is a seasoned finance professional with progressive leadership and management experience with both global publicly held technology companies and startups. Mr. Trent has a proven track record of driving sustainable financial performance, transformative mergers and acquisitions, operational excellence, process efficiency, financial leadership and robust compliance and regulatory control. He earned his Bachelor of Science in business administration and finance at San Diego State University.

Ross F. Jatou. Mr. Jatou joined onsemi in 2015 as the Vice President and General Manager of the Automotive Solutions Division within our ISG division. In October 2020, he was named Senior Vice President and General Manager, ISG of onsemi,

assuming leadership of both the divisions within ISG: the Automotive Sensing Division and the Industrial and Consumer Solutions Division. Prior to onsemi, Mr. Jatou had an extensive career with NVIDIA Corporation of nearly 15 years, where he was the Vice President of Hardware Engineering. His background and experience include product development, engineering management, and automotive design quality and forecasting, and he is an expert in imaging graphics and system interfaces, telecommunications, high performance computing, automotive and embedded solutions. He has a Bachelor of Science degree in electrical engineering and a Master of Applied Science in millimeter wave technology and parallel processing from the University of Toronto. Mr. Jatou completed executive business programs from Stanford University School of Business and Harvard Business School.

Simon Keeton. Mr. Keeton joined onsemi in July 2007 and is currently the Executive Vice President and General Manager, PSG of onsemi. During his career, Mr. Keeton has held various management positions within onsemi. Before Mr. Keeton's promotion to his current role on January 1, 2019, he was a Senior Vice President and General Manager of the MOSFET Division. From 2012 to 2016, Mr. Keeton served as Vice President and General Manager of the Integrated Circuit Division under our former Standard Products Group. Prior to that time, he served as Vice President and General Manager of the Consumer Products Division from 2009 to 2012 and as Business Unit Director of our Signals and Interface Business Unit from 2007 to 2009. Before joining onsemi, Mr. Keeton served as Strategic Planning Manager of the Digital Enterprise Group of Intel Corporation ("Intel") and held various marketing and business management roles at Vitesse Semiconductor Corporation. He earned a Bachelor of Science degree in computer engineering and a Master of Science Degree in electrical engineering from Michigan State University, and a Master of Business Administration from Pepperdine University – in addition to completing an executive business program from Harvard Business School.

Sudhir Gopalswamy. Mr. Gopalswamy joined onsemi in March 2022 and is currently the Senior Vice President and General Manager, ASG of onsemi. Prior to April 2023 when he was appointed to lead ASG, Mr. Gopalswamy was the Chief Strategy Officer driving our corporate strategy development, annual strategic planning cycle and other key initiatives. Before joining onsemi, he served as Principal at Shamago Advisors from March 2021 to March 2022. Mr. Gopalswamy worked at Cypress from 2008 until its 2020 acquisition by Infineon. Following that acquisition, Mr. Gopalswamy was appointed Executive Vice President and Board Member of the Connected Secure Systems Division of Infineon and served in that role until March 2021. Before joining Cypress in 2008, he held leadership positions with ever-increasing scope at Intel and Conexant Systems, Inc. Mr. Gopalswamy holds a Bachelor of Science in Electrical Engineering from Purdue University, as well as a Master in Business Administration from Duke University, and he has also attended Stanford Directors' College at Stanford University.

Available Information

Our website is www.onsemi.com. We make our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports and all amendments to those reports available, free of charge, in the "Investor Relations" section of our website as soon as reasonably practicable after we electronically file these materials with, or furnish these materials to the SEC. Information on or accessible through our website is neither part of, nor incorporated by reference into, this Form 10-K or any other report filed with or furnished to the SEC. You can also find these materials on the SEC website at www.sec.gov, which contains reports, proxy statements and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors

Forward-Looking Statements

This Annual Report on Form 10-K includes "forward-looking statements," as that term is defined in Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical facts, included or incorporated in this Form 10-K could be deemed forward-looking statements, particularly statements about our plans, strategies and prospects under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Forward-looking statements are often characterized by the use of words such as "believes," "estimates," "expects," "projects," "may," "will," "intends," "plans," "anticipates," "should" or similar expressions, or by discussions of strategy, plans or intentions. All forward-looking statements in this Form 10-K are made based on our current expectations, forecasts, estimates and assumptions, and involve risks, uncertainties and other factors that could cause results or events to differ materially from those expressed in the forward-looking statements. Important factors that could cause our actual results to differ materially from those anticipated in the forward-looking statements are described below. Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information, which speaks only as of the date made, except as may be required by law.

Investing in our securities involves a high degree of risk and uncertainty, and you should carefully consider the trends, risks and uncertainties described below and other information in this Form 10-K and subsequent reports filed with or furnished to the

SEC before making any investment decision with respect to our securities. The risk factors described herein are not all of the risks we may face. Other risks not presently known to us or that we currently believe are immaterial may materially affect our business. If any of the following trends, risks or uncertainties actually occurs or continues, our business, financial condition or operating results could be materially and adversely affected, the trading prices of our securities could decline, and you could lose all or part of your investment. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

Trends, Risks and Uncertainties Related to Our Business

The manufacturing and other operations required to produce our products are highly dependent on the efficient operation of numerous processes, including processes contingent upon third-party component manufacturers and other service providers, and any disruption in these processes could have a material adverse effect on our business and results of operations.

Our manufacturing network includes multiple owned and third-party facilities, which may each produce one or more components necessary for the assembly of a single product. As a result of this interdependence, an operational disruption at a facility may have a disproportionate impact on our ability to produce many of our products. In the event of a disruption at any such facility, we may be unable to effectively source replacement components on acceptable terms from qualified third parties, in which case our ability to produce many of our products could be materially disrupted or delayed. Conversely, some of our facilities are single source facilities that only produce one of our end-products, and a disruption at any such facility would materially delay or cease production of the related product. In the event of any such operational disruption, we may experience difficulty in beginning production of replacement components or products at new facilities or transferring production to other existing facilities, any of which could result in a loss of future revenues and materially adversely affect our business and results of operations.

In addition, for certain manufacturing activities and for the supply of raw materials, we utilize third-party suppliers. Our agreements with these manufacturers typically require us to commit to purchase services based on forecasted product needs, which may be inaccurate, and, in some cases, require longer-term commitments. We are also dependent upon a limited number of highly specialized third-party suppliers for required components and materials for certain of our key technologies. Arranging for replacement manufacturers and suppliers can be time-consuming and costly, and the number of qualified alternative providers can be extremely limited. Our business operations, productivity and customer relations could be materially adversely affected if these contractual relationships were disrupted or terminated, the cost of such services increased significantly, the quality of the services provided deteriorated or our forecasted needs proved to be materially incorrect. Generally, our agreements with suppliers of raw materials impose no minimum or continuing supply obligations, and we obtain our raw materials and supplies from a large number of sources. Shortages could occur in various essential raw materials, and if we are unable to obtain adequate supplies of raw materials in a timely manner, the costs of our raw materials increase significantly, their quality deteriorates or they give rise to compatibility or performance issues in our products, our results of operations could be materially adversely affected.

Our manufacturing efficiency is contingent upon the operations of these interdependent processes and will continue to be an important factor in our future profitability, and there can be no assurance that we will be able to maintain this manufacturing efficiency, increase manufacturing efficiency to the same extent as our competitors, or be successful in our manufacturing rationalization plans. For example, public health crises like the COVID-19 pandemic and related adverse public health developments may cause disruption to our domestic and international operations. Any associated worker absenteeism, quarantines and restrictions on certain of our employees' ability to perform their jobs, office and factory closures or restrictions, labor shortages, disruptions to ports and other shipping infrastructure, border closures and/or other travel or health-related restrictions could, depending on the magnitude of such effects on our manufacturing activities (or activities of our suppliers, third-party distributors or sub-contractors), could cause disruption and delay to our supply chain, manufacturing and product shipments. Such disruption and delays could materially adversely affect our business, results of operations and financial condition.

In addition, if we are unable to utilize our manufacturing facilities, testing facilities and external manufacturers at expected or minimum purchase obligation levels, or if production capacity increases while revenue does not, the fixed costs and other operating expenses associated with these facilities and arrangements will not be fully absorbed, resulting in higher average unit costs and lower gross profits, which could have a material adverse effect on our results of operations. Further, if we need to rapidly increase our business and manufacturing capacity to meet increases in demand or expedited shipment schedules, this could strain our manufacturing and supply chain operations, and negatively impact our working capital. Moreover, if we are unable to accurately forecast demand for our products, we may purchase more or fewer parts than necessary or incur costs for canceling, postponing or expediting delivery of parts. If we purchase or commit to purchase inventory in anticipation of customer demand that does not materialize, or such inventory is rendered obsolete by the rapid pace of technological change, or

if customers reduce, delay or cancel orders, we may incur excess or obsolete inventory charges.

We may be unable to implement certain business strategies and any issue with the pursuit of such business strategies could materially adversely affect our business and results of operations.

We may from time to time determine to implement business strategies and restructuring initiatives in order to remain competitive. Because our strategies and restructuring activities may involve changes to many aspects of our business, including the location of our production facilities and personnel and the potential exit of certain product lines and businesses, our ability to successfully do so depends on a number of factors, many of which are outside of our control. If we are not able to effectively manage or efficiently implement these strategies and/or restructuring initiatives for reasons within or outside of our control, then our business operations could be materially adversely affected.

In addition, implementation of a business strategy may lead to the disruption of our existing business operations. For example, in light of our goal to achieve net zero emissions by 2040, we may take actions to pursue our goal of generating net-zero emissions that may result in material expenditures that could impact our financial condition or results of operations and/or could disrupt our existing operations. Similarly, the contingent risks associated with transferring our existing operations to an acquirer, as is the case with several transition services being provided in connection with some of our prior divestitures, could materially impact our financial condition or results of operations and/or could disrupt our existing operations, especially if the acquirer is unable to meet its commitments under any transition services agreements or if the acquirer encounters financial difficulty. Furthermore, our increased investment in manufacturing capacity (including increased investment in capacity for SiC-based products and technology), while concurrently divesting other non-strategic operations, may adversely impact our existing operations, require additional management time and effort to implement successfully, and lead to higher than anticipated capital expenditures.

As we continue to increase production of SiC-based products and ramp manufacturing at EFK and at our facilities in Hudson, New Hampshire, the Czech Republic and South Korea, we may face challenges or risks related to: increased capital spending and long-term capital expenditure commitments, installing and qualifying new manufacturing equipment, meeting planned process yields, maintaining suitable quality control and educating or providing employees with the requisite know-how to operate the processes at our expanded manufacturing facilities. There are inherent execution risks in expanding production capacity, whether at one of our own factories or at a third party that we utilize, all of which could increase our costs and negatively impact our operating results.

In addition, to streamline our operations and for efficiency purposes, we are pursuing a number of actions, including the outsourcing of certain internal business processes and the deployment of enhanced end-to-end digital processes (which, in some cases, include the use of AI) for certain business use cases. Such opportunities for improvement and enhanced productivity bring risks associated with managing change, transition costs, and the potential for reduced productivity or user error, in addition to those risks specific to each new process.

The failure to successfully and timely realize the anticipated benefits of these transactions or strategies could have a material adverse effect on our profitability, financial condition or results of operations. In addition, even if we fully execute and implement these activities, there may be other unforeseeable and unintended consequences that could materially adversely impact our profitability and business, including unintended employee attrition or harm to our competitive position. To the extent that we do not achieve the profitability enhancement or other anticipated benefits of strategy or restructuring initiatives, our results of operations may be materially adversely affected.

If we are unable to identify and make the substantial research and development investments or develop new products required to satisfy customer demands, our business, financial condition and results of operations may be materially adversely affected.

The semiconductor industry requires substantial investment in research and development in order to develop and bring to market enhanced technologies and products. The development of new products is complex and time-consuming, often requiring significant capital investment and lead time for development and testing. We cannot assure you that we will have sufficient resources to maintain the level of investment in research and development required to remain competitive. In addition, the lengthy development cycle for certain of our products could limit our ability to adapt quickly to changes affecting the product markets and requirements of our customers and end-users, and we may be unable to develop innovative responses to our customers' and end-users' evolving needs on the timelines they require or at all. There can be no assurance that we will win competitive bid selection processes, known as "design wins," for new products. In addition, design wins do not guarantee that we will make customer sales or generate sufficient revenue to recover design and development investments, realize a return on the capital expended or achieve expected gross margins, as expenditures for technology and product development are generally made before the commercial viability for such developments can be assured. To the extent that we underinvest in our research

and development efforts, fail to recognize the need for innovation with respect to our products, or that our investments and capital expenditures in research and development do not lead to sales of new products, we may be unable to bring to market technologies and products attractive to customers, and so our business, financial condition and results of operations may be materially adversely affected. Further, products that are commercially viable may not have an immediate impact on our revenue or contribute to our operating results in a meaningful way until at least a few years after they are introduced into the market.

The semiconductor industry is characterized by rapidly changing technologies, innovation, short product life cycles, evolving regulatory and industry standards and certifications, changing customer needs and frequent new product introductions. Products are often replaced by more technologically advanced substitutes and, as demand for older technology falls, the price at which such products can be sold drops. If we cannot advance our process technologies or improve our production efficiencies to a degree sufficient to maintain required margins, we will no longer be able to make a profit from the sale of older products. In certain limited cases, we may not be able to cease production of older products, either due to contractual obligations or for customer relationship reasons and, as a result, may be required to bear a loss on such products for a sustained period of time. If reductions in our production costs fail to keep pace with reductions in market prices for products we sell, our business and results of operations could be materially adversely affected. If our new product development efforts fail to align with the needs of our customers, our business and results of operations could be materially adversely affected.

The semiconductor industry is highly competitive, and has experienced significant consolidation, and if we are unable to compete effectively or identify attractive opportunities for consolidation, it could materially adversely affect our business and results of operations.

Our ability to compete successfully in the highly competitive semiconductor industry depends on elements both within and outside of our control. We face significant competition within each of our product lines from major global semiconductor companies as well as smaller companies focused on specific market niches. In addition, companies not currently in direct competition with us may introduce competing products in the future.

If we are unable to compete effectively, our competitive position could be weakened relative to our peers, which would have a material adverse effect on our business and results of operations. Our future success depends on many factors, including the development of new technologies and effective commercialization and customer acceptance of our products, and our ability to increase our position in our current markets, expand into adjacent and new markets, and optimize operational performance. Products or technologies developed by competitors may render our products or technologies obsolete or noncompetitive. We also may be unable to market and sell our products if they are not competitive on the basis of price, quality, technical performance, features, system compatibility, customized design, innovation, availability, delivery timing and reliability. If we fail to compete effectively on developing strategic relationships with customers and customer sales and technical support, our sales and revenue may be materially adversely affected. Competitive pressures may limit our ability to raise prices, and any inability to maintain revenue or raise prices to offset increases in costs could have a significant adverse effect on our gross margin. Our gross margins vary due to a variety of factors. Reduced sales and lower gross margins would materially adversely affect our business and results of operations.

The semiconductor industry has experienced, and may continue to experience, significant consolidation among companies and vertical integration among customers. Larger competitors resulting from consolidations may have certain advantages over us, and we may be at a competitive disadvantage if we fail to identify attractive opportunities to acquire companies to expand our business. Consolidation among competitors and integration among customers could erode our market share, impair our capacity to compete and require us to restructure operations, any of which could have a material adverse effect on our business.

In addition, some of our competitors may receive governmental subsidies or other incentives that give them a competitive advantage over us. For example, the U.S. and the European Union have enacted legislation to provide funding and incentives for semiconductor research, development, and manufacturing in their respective regions. If we are unable to access such funding or incentives, or if our competitors receive more funding or incentives than we do, we may be at a disadvantage in developing and producing new or improved products or technologies, which could adversely affect our market share, revenue and profitability.

Because a significant portion of our revenue is derived from customers in the automotive and industrial end-markets, including revenue pursuant to our long-term supply agreements, a downturn or lower sales to customers in either end-market could materially adversely affect our business and results of operations.

A significant portion of our sales are to customers within the automotive industry and the industrial sector. Sales into the automotive and industrial end-markets represented approximately 52% and 28% of our revenue, respectively, for the year ended December 31, 2023. The automotive industry is cyclical and the industrial sector tends to thrive during a time of economic

expansion, and, as a result, our customers in each end-market are sensitive to changes in general economic conditions, inflationary pressure, increases in interest rates, disruptive innovation and end-market preferences, which can adversely affect sales of our products and, correspondingly, our results of operations. Changes in demand in these end-markets can significantly impact our operating results. Additionally, public health crises like the COVID-19 pandemic have the potential to disrupt sales activities to customers in these end-markets, as well as the other end-markets we serve. Lastly, the quantity and price of our products sold to customers in each end-market could decline despite continued growth in such end-markets. Lower sales to customers in either end-market may have a material adverse effect on our business and results of operations.

Further, to the extent we have long-term supply agreements with our customers in multiple end-markets which includes fixed pricing, we could be subject to fluctuating manufacturing costs that could negatively impact our profitability. Additionally, under our long-term supply agreements, we could incur certain obligations if we are not able to fulfill our commitments. Furthermore, certain customers, from time to time, have sought and may seek to amend the delivery or other terms of their long-term supply agreements with us. When any such contractual amendments are made, the timing, pricing or amount of products delivered under such long-term supply agreements may be modified in circumstances where we believe it advances the long-term customer relationship or provides us with other benefits. Such an event could have an impact on our results of operations.

Our operating results depend, in part, on the performance of independent distributors.

A portion of our sales occurs through global and regional distributors that are not under our control. We rely on distributors to grow and develop their customer base and anticipate customer needs, and any lack of such actions by our distributors may adversely affect our results of operations. These independent distributors also generally represent product lines offered by several companies and are not subject to any minimum sales requirements or obligation to market our products to their customers. In turn, distributors could reduce their sales efforts for our products or choose to terminate their representation of us. In addition, in the event a distributor were to face financial difficulty, experience significant operational disruptions or terminate its operations, our revenue and results of operations may be adversely affected. Furthermore, if a significant distributor terminates its operations or were to merge with another distributor, we may be more reliant and dependent on the distribution network of our remaining distributors. Additionally, we rely on our distributors to provide accurate and timely sales reports in order for us to be able to generate financial reports that accurately represent distributor sales of our products during any given period. Any inaccuracies or untimely reports could adversely affect our ability to produce accurate and timely financial reports and recognize revenue.

Changes in, and the regulatory implementation of, tariffs or other government trade policies or political conditions could reduce demand for our products, limit our ability to sell our products to certain customers or our ability to comply with applicable laws and regulations, which may materially adversely affect our business and results of operations.

The imposition of tariffs, export controls and other trade restrictions as a result of international trade disputes or changes in trade policies or political conditions may adversely affect our sales and profitability. For example, additional tariffs, other export regulations and the related geopolitical uncertainty between the United States and China and other countries may cause decreased end-market demand for our products from distributors and other customers, which could have a material adverse effect on our business and results of operations. More specifically, our assembly and test operations facility located in Leshan, China, which is owned by Leshan-Phoenix Semiconductor Company Limited, a joint venture company in which we own 80% of the outstanding equity interests, may be subjected to increased costs or additional trade restrictions stemming from the geopolitical tension between the U.S. and China. Additional tariffs, export controls or other trade restrictions between the two countries could materially adversely affect our results of operations.

In addition, tariffs on components that we import from certain nations that have imposed, or may in the future impose, tariffs may adversely affect our profitability unless we are able to exclude such components from the tariffs or we raise prices for our products, which may result in our products becoming less attractive relative to products offered by our competitors. To the extent that our sales or profitability are negatively affected by any such tariffs or other trade actions, our business and results of operations may be materially adversely affected.

Our international sales and purchases are subject to numerous United States and foreign laws and regulations related to import and export matters. For example, licenses or proper license exceptions are required for the shipment of our products to certain countries under applicable export control regulations, including the provisions of the U.S. Export Administration Act. A determination by the United States government or any foreign government that we have failed to comply with trade or export regulations can result in penalties, including fines, administrative, civil or criminal penalties or other liabilities, seizure of products, or, in the extreme case, denial of export privileges or suspension or debarment from government contracts, which could have a material adverse effect on our sales, business and results of operations.

We may be unable to attract and retain highly skilled personnel.

Our success depends on our ability to attract, motivate and retain highly skilled personnel, including technical, marketing, management and staff personnel, both in the United States and internationally. In the semiconductor industry, the competition for qualified personnel, particularly experienced design engineers and other technical employees is intense. Furthermore, we have operations in many parts of the world that are currently experiencing a tight labor market for skilled employees. Additionally, we have entered into employment agreements with certain senior executives, but we do not have employment agreements with most of our employees. Many of these employees could leave our company with little or no prior notice and would be free to work for a competitor. Specific elements of our compensation programs may not be competitive with those of our competitors, and there can be no assurance that we will be able to retain our current personnel or recruit the key personnel we require. If one or more of our senior executives or other key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all and other senior management may be required to divert attention from other aspects of our business. Loss of the services of, or failure to effectively recruit, qualified personnel could have a material adverse effect on our competitive position and on our business.

Warranty claims, product liability claims, product recalls, and the failure to comply with the terms and conditions of our contracts, could harm our business, reputation, results of operations and financial condition.

Manufacturing semiconductors is a highly complex and precise process, requiring production in a tightly controlled, clean environment. Minute impurities in our manufacturing materials, contaminants in the manufacturing environment, manufacturing equipment failures, and other defects can cause our products to be non-compliant with customer requirements or otherwise nonfunctional. We face an inherent business risk of exposure to warranty and product liability claims in the event that our products fail to perform as expected or such failure of our products results, or is alleged to result, in bodily injury or property damage (or both). In addition, if any of our designed products are or are alleged to be defective, we may be required to participate in their recall. As suppliers become more integrally involved in electrical design, OEMs are increasingly expecting them to warrant their products and are looking to them for contributions when faced with product liability claims or recalls. A successful warranty or product liability claim against us in excess of our available insurance coverage, if any, and established reserves, or a requirement that we participate in a product recall, could have material adverse effects on our business, results of operations and financial condition. Additionally, in the event that our products fail to perform as expected or such failure of our products results in a recall, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers and could materially adversely affect our business, reputation, results of operations and financial condition. Even if our products meet standard specifications, our customers may attempt to use our products in applications for which our products were not designed or in customer products that were not designed or manufactured properly, resulting in product failures and creating customer satisfaction issues, which may harm our reputation.

Since a defect or failure in our products could give rise to failures in the goods that incorporate them (and claims for consequential damages against our customers from their customers), we may face claims for damages that are disproportionate to the revenue and profits we receive from the products involved. In certain instances, we attempt to limit our liability through our standard terms and conditions or other contractual provisions, but there is no assurance that such limitations will be effective. To the extent we are liable for damages in excess of the revenue and profits received from the products involved, our results of operations and financial condition could be materially adversely affected.

Currency fluctuations, changes in foreign exchange regulations and repatriation delays and costs could have a material adverse effect on our results of operations and financial condition.

We have sizeable sales and operations in the Asia/Pacific region and Europe, and a significant amount of this business is transacted in currency other than U.S. dollars. In addition, while a significant percentage of our cash is generated outside the United States, many of our liabilities, including our outstanding indebtedness, and certain other cash payments, such as share repurchases, are payable in the United States in U.S. dollars. As a result, currency fluctuations and changes in foreign exchange regulations can have a material adverse effect on our liquidity and financial condition.

In addition, repatriation of funds held outside the U.S. could have adverse tax consequences and could be subject to delay due to required local country approvals or local obligations. Foreign exchange regulations may also limit our ability to convert or repatriate foreign currency. As a result of having a lower amount of cash and cash equivalents in the United States, our financial flexibility may be reduced, which could have a material adverse effect on our ability to make interest and principal payments due under our various debt obligations. Restrictions on repatriation or the inability to use cash held abroad to fund our operations in the United States may have a material adverse effect on our liquidity and financial condition.

Trends, Risks and Uncertainties Related to Intellectual Property

If our technologies are subject to claims of infringement on the IP rights of others, efforts to address such claims could have

a material adverse effect on our results of operations.

We may from time to time be subject to claims that we may be infringing the IP rights of others. If necessary or desirable, we may seek licenses under such IP 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 IP we use could cause us to incur substantial liabilities or to suspend the manufacture or shipment of products or our use of processes requiring such technologies. Further, we may be subject to IP litigation, which could cause us to incur significant expense, materially adversely affect sales of the challenged product or technologies and divert 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 or pursuant to the terms of a settlement of any such litigation, we may be required to: pay substantial damages or settlement costs; indemnify customers or distributors; 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, which may not be available on reasonable terms, to continue the use, development and/or sale of the allegedly infringing technologies.

The outcome of IP litigation is inherently uncertain and, if not resolved in our favor, could materially adversely affect our business, financial condition and results of operations.

If we are unable to protect the IP we have developed or licensed, our competitive position, business and results of operations could be materially and adversely affected.

The enforceability of our patents, trademarks, copyrights, software licenses and other IP is uncertain in certain circumstances. Effective IP protection may be unavailable, limited or not applied for in the United States and internationally. The various laws and regulations governing our registered and unregistered IP assets, patents, trade secrets, trademarks, mask works and copyrights to protect our products and technologies are subject to legislative and regulatory change and interpretation by courts. With respect to our IP generally, we cannot assure you that:

- any of the substantial number of United States or foreign patents and pending patent applications that we employ in our business will not lapse or be invalidated, circumvented, challenged, abandoned or licensed to others;
- any of our pending or future patent applications will be issued or have the coverage originally sought;
- any of the trademarks, copyrights, trade secrets, know-how or mask works that we employ in our business will not lapse or be invalidated, circumvented, challenged, abandoned or licensed to others;
- any of our pending or future trademark, copyright, or mask work applications will be issued or have the coverage originally sought; or
- that we will be able to successfully enforce our IP rights in the United States or foreign countries.

Infringement or misappropriation of our IP could result in lost market and revenue opportunities, and if we are unable to enforce and protect our IP it could have an adverse impact on our competitive position and business. Further, our assertion of IP rights often results in the other party seeking to assert alleged IP rights of its own against us, which may materially and adversely impact our business. An unfavorable ruling in these sorts of matters could include money damages or an injunction prohibiting us from manufacturing or selling one or more products, which could in turn negatively affect our business, results of operations or cash flows.

In addition, some of our products and technologies are not covered by any patents or pending patent applications. We 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 IP arising out of our research. Should we be unable to protect our IP, competitors may develop products or technologies that duplicate our products or technologies, benefit financially from innovations for which we bore the costs of development and undercut the sales and marketing of our products, all of which could have a material adverse effect on our business and results of operations.

Trends, Risks and Uncertainties Related to Technology and Data Privacy

Disruptions or breaches of our information technology systems could irreparably damage our reputation and our business, expose us to liability and materially adversely affect our results of operations.

We routinely collect and store sensitive data, including confidential and other proprietary information about our business and our employees, customers, suppliers and business partners. The secure processing, maintenance and transmission of this information is important to our operations and business strategy. We have experienced and expect to continue to experience disruptions, failures or breaches of our information technology environment, such as those caused by computer viruses, illegal

hacking, criminal fraud or impersonation, acts of vandalism or terrorism or employee error. Our cyber-security measures and/or those of our third-party service providers and/or customers may not detect or prevent such security breaches. Although we are not aware of any cybersecurity incidents impacting us directly that have been material to us as of the year ended December 31, 2023, we continue to devote resources to reduce the risk of or alleviate cybersecurity breaches and vulnerabilities and those costs could be significant. Our efforts to address these problems may not be successful and could result in interruptions and delays that may materially impede our sales, manufacturing operations, distribution or other critical functions. Any compromise of our information security could result in the misappropriation or unauthorized publication of our confidential business or proprietary information or that of other parties with which we do business, an interruption in our operations, the unauthorized transfer of cash or other of our assets, the unauthorized release of customer or employee data or a violation of privacy or other laws. In addition, computer programmers and hackers also may be able to develop and deploy viruses, worms and other malicious software programs that attack our products, or that otherwise exploit any security vulnerabilities, and any such attack, if successful, could expose us to liability to customer claims. Further, AI capabilities may be used to identify vulnerabilities and craft increasingly sophisticated cyber-security attacks. Any of the foregoing could irreparably damage our reputation and business, which could have a material adverse effect on our results of operations. We maintain cyber risk insurance, although an insufficiency of insurance coverage could adversely affect our cash flows and overall profitability. Furthermore, our efforts to comply with evolving laws and regulations related to cybersecurity, such as the recently enacted SEC rules requiring disclosure of a material cybersecurity incident, may be costly and any failure to comply could result in investigations, proceedings, investor lawsuits and reputational damage.

We are subject to governmental laws, regulations and other legal obligations related to privacy and data protection.

The legislative and regulatory framework for privacy and data protection issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. We collect Personally Identifiable Information ("PII") and other data as part of our business processes and activities. This data is subject to a variety of laws and regulations, including oversight by various regulatory or other governmental bodies. Many foreign countries and governmental bodies, including the European Union and other relevant jurisdictions where we conduct business, have laws and regulations concerning the collection and use of PII and other data obtained from their residents or by businesses operating within their jurisdictions that are currently more restrictive than those in the United States. Additionally, within the United States, different states have enacted various regulations governing the treatment of PII. Any inability, or perceived inability, to adequately address privacy and data protection concerns, even if unfounded, or to comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations, could result in additional cost and liability to Company officials or us, including substantial monetary fines, and could damage our reputation, inhibit sales and adversely affect our business.

Trends, Risks and Uncertainties Related to Regulation

Environmental and health and safety liabilities and expenditures could materially adversely affect our results of operations and financial condition.

The semiconductor industry continues to be subject to increasing environmental regulations, particularly those that control and restrict the use, transportation, emission, discharge, storage and disposal of certain chemicals, elements and materials used or produced in the semiconductor manufacturing process. We also have operations subject to laws and regulations relating to workplace safety and worker health, which, among other requirements, regulate employee exposure to hazardous substances. We have indemnities from third parties for certain environmental and health and safety liabilities for periods prior to our operations at some of our current and past sites, and we have also purchased environmental insurance to cover certain claims related to historical contamination and future releases of hazardous substances. However, we cannot assure you that such indemnification arrangements and insurance will cover any or all of our material environmental costs. In addition, the nature of our operations exposes us to the continuing risk of environmental and health and safety liabilities including:

- changes in United States and international environmental or health and safety laws or regulations, including, but not limited to, future laws or regulations imposed in response to climate change concerns;
- the manner in which environmental or health and safety laws or regulations will be enforced, administered or interpreted;
- our ability to enforce and collect under indemnity agreements and insurance policies relating to environmental liabilities;
- 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; or
- the cost of fines, penalties or other legal liability, should we fail to comply with environmental or health and safety laws or regulations.

Failure to comply with these laws or regulations could subject us to significant costs and liabilities. To the extent that we face unforeseen environmental or health and safety compliance costs or remediation expenses or liabilities that are not covered by indemnities or insurance, we may bear the full effect of such costs, expenses and liabilities, which could materially adversely

affect our results of operations and financial condition.

Our failure to comply with anti-corruption laws could result in penalties that could harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

We are subject to the FCPA, which generally prohibits companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits, along with various other anti-corruption laws. Although we have implemented policies and procedures designed to ensure that we, our employees and other intermediaries comply with the FCPA and other anti-corruption laws to which we are subject, there is no assurance that such policies or procedures will work effectively all of the time or protect us against liability under the FCPA or other laws for actions taken by our employees and other intermediaries with respect to our business or any businesses that we may acquire. If we are not in compliance with the FCPA and other laws governing the conduct of business with government entities (including local laws), we may be subject to criminal and civil penalties and other remedial measures, which could have a material adverse impact on our business, financial condition, results of operations and liquidity. Any investigation of any potential violations of the FCPA or other anti-corruption laws by the U.S. or foreign authorities could harm our reputation and have an adverse impact on our business, financial condition and results of operations.

Changes in tax legislation or exposure to additional tax liabilities, could adversely affect our results of operations and financial condition.

We conduct operations worldwide through our foreign subsidiaries and are, therefore, subject to complex income tax and transfer pricing regulations in the United States and foreign jurisdictions. Changes to, or interpretations of, tax legislation or regulations could significantly increase our effective tax rate and ultimately reduce our cash flow from operating activities. In addition, other factors or events, such as changes to our operating structure, strategy and investment decisions, could also increase our future effective tax rate and ultimately reduce our cash flow from operating activities.

Tax rules may change in a manner that adversely affects our future reported results of operations or the way we conduct our business. Most of our income is taxable in the United States with a significant portion qualifying for preferential treatment as foreign-derived intangible income (“FDII”). Beginning in 2026, the effective rate for FDII increases from 13% to 16%. Further, if U.S. rates increase and/or the FDII deduction is eliminated or reduced, our provision for income taxes, results of operations and cash flows would be adversely (potentially materially) affected. Also, if our customers move manufacturing operations to the United States, our FDII deduction may be reduced.

Further changes in tax laws of foreign jurisdictions could arise as a result of the base erosion and profit shifting project that was undertaken by the Organization for Economic Co-operation and Development (“OECD”). For example, the OECD continues to advance proposals for modernizing international tax rules, including the introduction of global minimum tax standards.

These changes, if adopted by countries, may increase tax uncertainty and may adversely affect our provision for income taxes, which could have a material impact on our results of operations and financial condition.

Furthermore, the impact of any new tax legislation may differ from our estimates, possibly materially, due to, among other things, changes in interpretations and assumptions the Company has made and future regulatory guidance.

Social and environmental responsibility regulations, policies and provisions, as well as customer and investor demands, may make our supply chain more complex and may adversely affect our relationships with customers and investors.

With the increasing focus on corporate social and environmental responsibility in the semiconductor industry, a number of our customers have adopted, or may adopt, procurement policies that include social and environmental responsibility provisions or requirements that their suppliers should comply with, or they may seek to include such provisions or requirements in their procurement terms and conditions. In addition, an increasing number of OEMs are seeking to source products that do not contain minerals sourced from areas where proceeds from the sale of such minerals are likely to be used to fund armed conflicts, such as in the Democratic Republic of Congo. This could adversely affect the sourcing, availability and pricing of minerals used in the manufacture of semiconductor devices, including our products. As a result, we may face difficulties in satisfying these customers’ demands, which may harm our sales and operating results.

Many investors also expect companies to disclose corporate social and environmental policies, practices and metrics under voluntary disclosure standards and frameworks. We periodically communicate our strategies, goals and targets related to our corporate social and environmental policies and programs. These strategies, goals and targets, and their underlying assumptions and projections, reflect our current plans and aspirations, but we may be unable to achieve them. It is also possible that our investors might not be satisfied with our policies, programs, goals, performance and related disclosures, or the speed of their adoption, implementation and measurable success, or that we have adopted such policies, programs and commitments at all.

In addition, unfavorable ratings or assessment of our corporate social and environmental policies and programs, including our compliance with certain voluntary disclosure standards and frameworks, may lead to negative investor sentiment toward us, which could have a negative impact on our stock price and our access to and cost of capital.

Furthermore, in light of our goal to achieve net zero emissions by 2040, future customer or investor expectations and regulatory requirements, we may take actions to pursue our goal of generating net-zero emissions or to alter our processes that may result in material expenditures that could impact our financial condition or results of operations and/or could disrupt our existing operations.

Trends, Risks and Uncertainties Related to Our Indebtedness

Our debt could materially adversely affect our financial condition and results of operations.

As of December 31, 2023, we had \$3,379.9 million of outstanding principal relating to our indebtedness. We may need to incur additional indebtedness in the future to repay or refinance other outstanding debt, to make acquisitions or for other purposes, and if we incur additional debt, the related risks that we now face could intensify. As of December 31, 2023, we had approximately \$1.1 billion available for future borrowings under the Revolving Credit Facility. The degree to which we are leveraged could have important consequences to our potential and current investors, including impacting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, and general corporate purposes.

To the extent that we continue to maintain or expand our significant indebtedness, our financial condition and results of operations may be materially adversely affected.

The inability to meet our obligations under our New Credit Agreement could materially and adversely affect us by, among other things, limiting our ability to conduct our operations and reducing our flexibility to respond to changing business and economic conditions.

The obligations under the New Credit Agreement are collateralized by a lien on substantially all of the personal property of our domestic subsidiaries. As a result, if we are unable to satisfy our obligations under the New Credit Agreement, the lenders could take possession of and foreclose on the pledged collateral securing the indebtedness, in which case we would be at risk of losing the related collateral, which would have a material adverse effect on our business and operations. In addition, the New Credit Agreement requires mandatory prepayment if the outstanding amounts drawn thereunder exceed the total commitments, which may result in prepaying outstanding amounts under the Revolving Credit Facility rather than using funds for other business purposes. Our financing structure, and any inability to meet our obligations thereunder, could have a material adverse effect on our business and financial condition, including, among other things, our ability to obtain additional financing for working capital, capital expenditures, acquisitions, and other general corporate purposes and could reduce our flexibility to respond to changing business and economic conditions.

The agreements relating to our indebtedness, including the New Credit Agreement and the 3.875% Notes, may restrict our ability to operate our business, and as a result may materially adversely affect our results of operations.

Our debt agreements, including the New Credit Agreement and the 3.875% Notes, contain, and any future debt agreements may include, a number of restrictive covenants that impose significant operating and financial restrictions on us and our subsidiaries. Such restrictive covenants may significantly limit our ability to: incur additional debt; incur liens; make certain investments or acquisitions; redeem, or otherwise perform our obligations under the terms of, our 3.875% Notes; sell or otherwise dispose of assets; engage in mergers or consolidations or certain other "change of control" transactions; make distributions to our stockholders; engage in restructuring activities; engage in certain sale and leaseback transactions; and issue or repurchase stock or other securities.

Such agreements may also require us to satisfy other requirements, including maintaining certain financial ratios and condition tests. Our ability to meet these requirements can be affected by events beyond our control, and we may be unable to meet them. To the extent we fail to meet any such requirements and are in default under our debt obligations, our financial condition may be materially adversely affected.

We may not be able to generate sufficient cash flow to meet our debt service obligations, and any inability to repay our debt when required would have a material adverse effect on our business, financial condition and results of operations.

Our ability to generate sufficient cash flow from operating activities to make required payments on our debt obligations will depend on our future financial performance, which will be affected by a range of economic, competitive, and business factors, many of which are outside of our control. If we do not generate sufficient cash to satisfy our debt obligations as they come due, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling additional assets, reducing or delaying capital investments, or seeking to raise additional capital. We cannot assure you that any refinancing would be possible, that any assets could be sold, or, if sold, of the timing of the sales and the amount of proceeds realized from those sales, or that additional financing could be obtained on acceptable terms, if at all, or would be permitted under the terms of our various debt instruments then in effect.

Furthermore, we cannot assure you that, if we were required to repurchase any of our debt securities upon a change of control or other specified event, our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments or that we would be able to refinance or restructure the payments on those debt securities. If we are unable to repay, refinance or restructure our indebtedness under our collateralized debt, the holders of such debt could proceed against the collateral securing that indebtedness, which could materially negatively impact our results of operations and financial condition. A default under our committed credit facilities, including our New Credit Agreement, could also limit our ability to make further borrowings under those facilities, which could materially adversely affect our business and results of operations. In addition, to the extent we are not able to borrow or refinance debt obligations, we may have to issue additional shares of our common stock, which would have a dilutive effect to the current stockholders.

An event of default under any agreement relating to our outstanding indebtedness could cross default other indebtedness, which could have a material adverse effect on our business, financial condition and results of operations.

If there were an event of default under certain of our agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately, which default or acceleration of debt could cross default other indebtedness. Any such cross default would put immediate pressure on our liquidity and financial condition and would amplify the risks described above with regards to being unable to repay our indebtedness when due and payable. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default and, as described above, any inability to repay our debt when due would have a material adverse effect on our business, financial condition and results of operations.

If our operating subsidiaries, which may have no independent obligation to repay our debt, are not able to make cash available to us for such repayment, our business, financial condition and results of operations may be adversely affected.

We conduct our operations through our subsidiaries. Repayment of our indebtedness is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of our indebtedness, our subsidiaries have no obligation to pay amounts due on such indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each subsidiary is a distinct legal entity, and, under certain circumstances, legal, contractual, governmental, or regulatory restrictions may limit our ability to obtain cash from our subsidiaries. In the event that we do not receive distributions or payments from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness and, as described above, any inability to repay our debt when due would have a material adverse effect on our business, financial condition and results of operations.

If interest rates continue to increase, our debt service obligations under our variable rate indebtedness could increase significantly, which would have a material adverse effect on our results of operations.

Borrowings under certain of our facilities from time to time, including under our New Credit Agreement, are at variable rates of interest and as a result expose us to interest rate risk. If interest rates continue to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. We may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk. To the extent the risk materializes and is not fully mitigated, the resulting increase in interest expense could have a material adverse effect on our results of operations. Further, significant changes in our credit rating, disruptions in the global financial markets, including bank failures, or incurrence of new or refinancing of existing indebtedness at higher interest rates could have a material and adverse effect on our access to and cost of capital for future financings, and financial condition.

The timing of the cash payments to service the 0% Notes, the 0.50% Notes and the 3.875% Notes is not entirely in our control and may require a significant amount of cash, and we may not have sufficient cash flow or the ability to raise the funds necessary to satisfy these obligations in a timely manner.

As of December 31, 2023, we had outstanding approximately \$804.9 million aggregate principal amount of our 0% Notes, \$1,500.0 million aggregate principal amount of our 0.50% Notes and \$700.0 million aggregate principal amount of our 3.875% Notes (collectively, the "Outstanding Notes"). Holders of the Outstanding Notes have certain rights that would require us to make repurchases prior to the stated maturity for all or a portion of the amounts due in certain circumstances. For example, holders of the 3.875% Notes have the right to require us to repurchase all of their 3.875% Notes upon the occurrence of certain change of control triggering events accompanied by certain ratings events (as described in the indenture governing the 3.875% Notes) at a repurchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, accrued prior to, but not including, the repurchase date.

Servicing the Outstanding Notes may require a significant amount of cash, and we may not have sufficient cash flow or the ability to raise the funds necessary to satisfy our obligations under such notes. Our ability to make cash payments in connection with conversions of the 0% Notes or the 0.50% Notes, repurchase any of the Outstanding Notes in the case of an applicable repurchase-triggering event under the respective indentures or repay such notes at maturity will depend on market conditions and our future performance, which is subject to economic, financial, competitive, and other factors beyond our control.

In certain circumstances, a takeover of our Company and similar triggering events could also trigger an option of the holders of the 0% Notes, the 0.50% Notes and the 3.875% Notes to require us to repurchase such notes. This may have the effect of delaying or preventing a takeover of our Company that would otherwise be beneficial to the holders of the 0% Notes, the 0.50% Notes, the 3.875% Notes and our common stock, which could materially decrease the value of such notes and of our common stock.

The terms of the New Credit Agreement and the terms of the 3.875% Notes limit the amount of future indebtedness secured by liens that we may incur. If we incur significantly more debt, this could intensify the risks described above. Our decision to use our cash for other purposes, such as to make acquisitions or to repurchase our common stock, could also intensify these risks.

Note hedge and warrant transactions we have entered into may materially adversely affect the value of our common stock.

Concurrently with the issuances of the 1.625% Notes, the 0% Notes and the 0.50% Notes, respectively, we entered into note hedge transactions with certain financial institutions, which we refer to as the option counterparties. The convertible note hedges are expected to reduce the potential dilution upon any conversion of the respective series of notes and/or offset any cash payments we are required to make in excess of the principal amount of converted notes of such series, as the case may be. We also entered into warrant transactions with the option counterparties with respect to the 1.625% Notes, the 0% Notes and the 0.50% Notes. The warrant transactions could separately have a dilutive effect on our common stock to the extent that the market price per share of our common stock exceeds \$30.70, with respect to the 1.625% Notes, \$74.34, with respect to the 0% Notes and \$156.78 with respect to the 0.50% Notes.

In connection with establishing their initial hedge of the convertible note hedges and warrant transactions for the 1.625% Notes, the 0% Notes and the 0.50% Notes, the option counterparties or their respective affiliates have purchased shares of our common stock and/or entered into various derivative transactions with respect to our common stock. The option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives contracts with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of such notes. The potential effect, if any, of these transactions and activities on the market price of our common stock will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could materially adversely affect the value of our common stock.

Counterparty risk with respect to the note hedge transactions, if realized, could have a material adverse impact on our results of operations.

The option counterparties are financial institutions or affiliates of financial institutions, and we are subject to the risk that these option counterparties may default under the note hedge transactions. We can provide no assurances as to the financial stability or viability of any of the option counterparties. Our exposure to the credit risk of the option counterparties is not secured by any collateral. If one or more of the option counterparties to one or more of our note hedge transactions becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under those transactions.

To the extent the option counterparties do not honor their contractual commitments with us pursuant to the note hedge transactions, we could face a material increase in our exposure to potential dilution upon any conversion of the 1.625% Notes, the 0% Notes and/or the 0.50% Notes and/or cash payments we are required to make in excess of the principal amount of

converted 1.625% Notes, the 0% Notes and/or the 0.50% Notes, as the case may be. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in the market price of our common stock and in the volatility of the market price of our common stock. In addition, upon a default by one of the option counterparties, we may suffer adverse tax consequences with respect to our common stock. Any such adverse tax consequences or increased cash payments could have a material adverse effect on our results of operations.

Trends, Risks and Uncertainties Related to Our Common Stock

Provisions in our charter documents may delay or prevent the acquisition of our Company, which could materially adversely affect the value of our common stock.

Our certificate of incorporation and by-laws contain provisions that could make it harder for a third party to acquire us without the consent of our Board of Directors. These provisions:

- establish advance notice requirements for submitting nominations for election to the Board of Directors and for proposing matters that can be acted upon by stockholders at a meeting;
- authorize the issuance of "blank check" preferred stock, which is preferred stock that our Board of Directors can create and issue without prior stockholder approval and that could be issued with voting or other rights or preferences that could impede a takeover attempt; and
- require the approval by holders of at least 66 2/3% of our outstanding common stock to amend certain of these provisions in our certificate of incorporation or by-laws.

Although we believe these provisions make a higher third-party bid more likely by requiring potential acquirers to negotiate with our Board of Directors, these provisions apply even if an initial offer may be considered beneficial by some stockholders. Any delay or prevention of an acquisition of our Company that would have been beneficial to our stockholders could materially decrease the value of our common stock.

The amount and frequency of our share repurchases are affected by a number of factors and may fluctuate.

Although we have adopted a share repurchase program, we are not obligated to repurchase a specified number or dollar value of shares under our share repurchase program or at all. The amount, timing, and purchases under our share repurchase program, if any, are influenced by many factors and may fluctuate based on our operating results, cash flows, and priorities for the use of cash and because of changes in tax laws, and the market price of our common stock. In addition, we cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term shareholder value.

General Risk Factors

We may be unable to successfully integrate new strategic acquisitions, which could materially adversely affect our business, results of operations and financial condition.

We have made, and may continue to make, strategic acquisitions (including the acquisition of EFK and the acquisition of GTAT, a producer of SiC-based products and technology) and alliances that involve significant risks and uncertainties. Successful acquisitions and alliances in our industry require, among other things, efficient integration and aligning of product offerings and manufacturing operations and coordination of sales and marketing and research and development efforts, often in markets or regions in which we have less experience. Risks related to successful integration of an acquisition include, but are not limited to: (1) the ability to integrate information technology and other systems; (2) issues not discovered in our due diligence; (3) customers responding by changing their existing business relationships with us or the acquired company; (4) diversion of management's attention from our day to day operations; and (5) loss of key employees post-integration. In addition, we may incur unexpected costs or taxes resulting from the acquisition or integration of the newly acquired business. Missteps or delays in integrating our acquisitions, which could be caused by factors outside of our control, or our failure to realize the expected benefits of the acquisitions on the timeline we anticipate, could materially adversely affect our results of operations and financial condition.

Depending on the level of our ownership interest in and the extent to which we can exercise control over the acquired business, we may be required by U.S. generally accepted accounting principles ("GAAP") and SEC rules and regulations to consolidate newly acquired businesses into our consolidated financial statements. The acquired businesses may not have independent audited financial statements or statements prepared in accordance with GAAP, or the acquired businesses may have financial controls and systems that are not compatible with our financial controls and systems, any of which could materially impair our ability to properly integrate such businesses into our consolidated financial statements on a timely basis. Any revisions to, inaccuracies in or restatements of our consolidated financial statements due to accounting for our acquisitions could have a

material adverse effect our financial condition and results of operations.

Downturns or volatility in general economic conditions, as well as general macroeconomic trends and impacts, could have an adverse impact on our business, results of operations, financial condition and cash flows.

Historically, worldwide semiconductor industry sales have tracked the impacts of adverse economic conditions, specifically financial crises, subsequent recoveries and persistent economic uncertainty. Recent global economic slowdowns could continue and potentially result in certain economies dipping into economic recessions, including in the United States. In addition, we are aware of and are monitoring the economic environment and related forecasts, which suggest (in certain parts of the world) an economic slowdown.

We have in the past and could in the future experience period-to-period fluctuations in operating results due to general industry or economic conditions; the onset of an economic recession and volatile or uncertain economic conditions can adversely impact our sales and profitability and make it difficult for us and our competitors to accurately forecast and plan our future business activities. Furthermore, inflationary pressure and increases in interest rates have and may continue to increase our costs, which could negatively impact revenue, earnings and demand for our products.

In addition to general economic conditions, impacts of other macroeconomic events, such as the COVID-19 pandemic, geopolitical conflicts and risks, such as the ongoing conflict in the Middle East and military conflict between Russia and Ukraine, climate change and other natural disasters, banking failures and uncertainties in global financial markets, could materially adversely impact our operations by causing disruptions in the geographies in which we and our suppliers, third party distributors and sub-contractors operate. If any of these events impact our supply chain, manufacturing and product shipments could be delayed, which could materially adversely affect our business, results of operations and financial condition. In addition, disruption of transportation and distribution systems could result in reduced operational efficiency and customer service interruption. Such events can negatively impact revenue and earnings and can significantly impact cash flow.

Regulatory and legislative developments related to climate change may materially adversely affect our business and financial condition.

Various jurisdictions have developed or are developing climate change-based laws or regulations that could cause us to incur additional direct costs for compliance, as well as indirect costs resulting from our customers, suppliers, or both incurring additional compliance costs that are passed on to us. These legal and regulatory requirements, as well as heightened investor expectations, on corporate environmental and social responsibility practices and disclosure, are subject to change, can be unpredictable, and may be difficult and expensive for us to comply with, given the complexity of our supply chain and our significant outsourced manufacturing. If we are unable to comply, or are unable to cause our suppliers to comply, with such policies or provisions or meet the requirements of our customers and investors, a customer may stop purchasing products from us or an investor may sell their shares, or parties may take legal action against us, which could harm our reputation, revenue and results of operations. Any future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Given the political significance and uncertainty around the impact of climate change, we cannot predict how legislation and regulation will affect our financial condition, operating performance and ability to compete. Furthermore, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or others in our industry could harm our reputation. Any of the foregoing could result in a material adverse effect on our business and financial condition.

Item 1B. *Unresolved Staff Comments*

None.

Item 1C. *Cybersecurity*

Risk Management and Strategy

The secure processing, maintenance and transmission of sensitive data, including confidential and other proprietary information about our business and our employees, customers, suppliers and business partners, is important to our operations and business strategy. As a result, cybersecurity and data protection are key components of our long-term strategy.

We use various processes to inform our assessment, identification and management of risk from cybersecurity threats. Key areas of our cybersecurity risk management processes and strategy currently include:

- *Cross-Functional Collaboration and Coordination.* Our Enterprise Cybersecurity Services (“ECS”) team, led by our Chief Information Security Officer (“CISO”), has first line responsibility for our cybersecurity risk management processes. However, the ECS team works in partnership with other internal teams to coordinate efforts, priorities and oversight. These include:
 - our Cybersecurity Executive Council (the “Council”), which is composed of key leaders from stakeholder groups throughout the Company, including the CISO and certain members of senior management;
 - our Enterprise Risk Management (“ERM”) team, which is responsible for evaluating and assessing overall enterprise risk, including cybersecurity risk, and advising senior management and the Board regarding our overall risk profile and priorities as they evolve;
 - our Internal Audit Department (“IAD”), which monitors certain IT systems controls that are integrated into our larger Sarbanes-Oxley control environment; and
 - our Cyber Incident Response Team (“CIRT”), a cross-functional team of subject matter experts from across the Company and certain third-party support providers that we have on retainer.
- *Ongoing Evaluation and Assessment of Systems and Processes.* We update our information security management system from time to time as appropriate and we employ standards and frameworks as we deem necessary to assist us in monitoring compliance with regulatory, industry and evolving data privacy requirements. In addition to periodic in-depth evaluations of our systems and processes, we monitor our IT systems and processes on an ongoing basis with the goal of identifying and remediating real and potential threats as they arise. We adjust our systems, procedures and policies regularly as we deem necessary in response to identified threats and risks.
- *Security Awareness Program to Train and Test Personnel.* We sponsor a multi-faceted security awareness program that includes regular, mandatory trainings for our personnel on data protection and malware detection, policy and process awareness, periodic phishing simulations and other kinds of preparedness testing.
- *Cyber Incident Response Plan.* We maintain a cross-functional cyber incident response plan with defined roles, responsibilities and reporting protocols. This plan, which we evaluate and test on a regular basis, focuses on responding to and recovering from any significant breach as well as mitigating any impact to our business. Generally, when a breach or suspected breach is identified, the ECS team would escalate the issue to the Council for initial analysis and guidance. In the event of a significant breach, the CIRT, overseen by the Council, would typically be tasked with preparing an initial response. The Council (in consultation with, among others, the CIRT) would be responsible for determining whether a particular incident (alone or in combination with other factors) triggers any reporting or notification responsibilities.
- *Regular Evaluation of Initiatives, Results and Priorities.* The ECS team, in consultation with the Council and other members of senior management, updates its strategy at least annually to account for changes in our business strategy, legal and regulatory developments across our geographic footprint, the results of our recent ECS initiatives, and further developments in the cybersecurity threat landscape. In addition, we periodically engage a third-party provider to conduct an external assessment of our security program. The results of this assessment, which are reported to the Audit Committee (and the Board, as appropriate), assist us in determining whether any further changes to our existing policies and practices are warranted.

We expect that our cybersecurity risk management processes and strategy will continue to evolve as the cybersecurity threat landscape evolves.

As indicated above, we engage third-party providers to assist us with our cybersecurity risk management and strategy. Some of these providers provide us with ongoing assistance (such as threat monitoring, mitigation strategies, updates on emerging trends and developments and policy guidance) while we engage others to provide targeted assistance (such as security and forensic expertise) as needed. Prior to exchanging any sensitive data or integrating with any key third-party provider, we assess their security fitness against our risk posture and request changes as we deem necessary.

As of December 31, 2023, we have not identified any risks from cybersecurity threats (including any previous cybersecurity incidents) that have materially affected the Company, our business strategy, our results of operations or our financial condition. For a discussion of risks from cybersecurity threats that could be reasonably likely to materially affect us, please see our Risk Factors discussion under the heading, “Trends, Risks and Uncertainties Related to Technology and Data Privacy” in this Form 10-K.

Governance

Consistent with our overall risk management governance structure, management is responsible for the day-to-day management of cybersecurity risk while our Board and its Audit Committee play an active, ongoing oversight role.

Board Oversight. Our Board has delegated to its Audit Committee specific, first-line responsibility for overseeing major cybersecurity risk exposures in addition to our broader ERM program. Specifically, under its charter, the Audit Committee is responsible for overseeing our cybersecurity posture, risk assessment, strategy and mitigation and for making recommendations to address and resolve any breaches or issues related to the protection or privacy of our data. Management (including our Chief Information Officer (“CIO”) and our CISO) reports at least quarterly to the Audit Committee on information security and data privacy and protection. These presentations address a wide range of topics, including trends in cyber threats and the status of initiatives intended to bolster our security systems and the cyber readiness of our personnel. The Audit Committee chair reports to the full Board on these risk discussions as appropriate. At least annually, the Board meets with members of our ERM team to review and discuss our ERM program, including areas of material risk and how these risks, which may include cybersecurity risk, are being managed and reported to the Board and its committees.

Management’s Role. Our ECS team is composed of several support teams that address and respond to cyber risk, including cyber risks related to security architecture and engineering, identity and access management and security operations. Formerly known as our Information Security and Risk (“ISR”) team, the ECS team oversees compliance with our cybersecurity framework within the organization and facilitates cybersecurity risk management activities throughout the organization. The ECS team also assists with the review and approval of policies, completes benchmarking against applicable standards, maintains a cyber risk registrar and oversees the security awareness program.

Our ECS team is led by our CISO. Our CISO reports to our CIO who, in turn, reports to our Executive Vice President and Chief Financial Officer. Our CISO has 24 years of experience in leading global security functions and strategies. Collectively, the other members of our ECS team have decades of relevant education and experience and maintain a wide range of industry certifications. We invest in regular, ongoing cybersecurity training for our ECS team.

As noted previously, our CISO is a member of the Council, which meets at least quarterly to provide operational direction to the ECS team considering the evolving risk landscape. The ECS team and the Council, through ongoing communication, monitor the prevention, detection, mitigation and remediation of cybersecurity threats and incidents. The CISO, in consultation with the Council and other members of senior management, reports such threats and incidents to the Audit Committee, as appropriate. These reports may be included in, or in addition to, his regular quarterly reports to the Audit Committee.

Item 2. *Properties*

Our corporate headquarters, as well as certain design center and research and development operations, are located in approximately 200,000 square feet of building space on property that we lease in Scottsdale, Arizona. We also own and lease properties around the world for use as sales offices, design centers, research and development labs, warehouses, logistic centers, trading offices and manufacturing support. The size and location of these properties, which are used by all of our reportable segments, change from time to time based on business requirements. We operate distribution centers, which are leased or contracted through a third-party, in locations throughout Asia, Europe and the Americas. See "Business—Resources" included elsewhere in this Form 10-K for information on properties used in our manufacturing operations. While these facilities are primarily used in manufacturing operations, they also include office, utility, laboratory, warehouse and unused space. Additionally, we own and lease research and development facilities located in Belgium, Canada, China, the Czech Republic, France, Germany, India, Ireland, Israel, Italy, Japan, the Philippines, Singapore, South Korea, Romania, the Slovak Republic, Slovenia, Switzerland, Taiwan, the United Kingdom and the United States. Our joint venture in Leshan, China also owns manufacturing, warehouse, laboratory, office and other unused space.

Certain of our properties are subject to encumbrances such as mortgages and liens. See Note 9: "Long-Term Debt" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K for further information. In addition, due to local law restrictions, the land upon which our facilities are located in certain foreign locations is subject to varying long-term leases. See "Business-Resources" included elsewhere in this Form 10-K for further details on our properties and "Business-Governmental Regulation" for further details on environmental regulation of our properties.

Item 3. *Legal Proceedings*

The Company has elected to use a \$1 million threshold for disclosing certain proceedings arising under federal, state or local environmental laws when a governmental authority is a party. The Company believes proceedings under this threshold are not material to its business and financial condition. See Note 13: "Commitments and Contingencies" under the heading "Legal Matters" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K for a description of

legal proceedings and related matters.

Item 4. *Mine Safety Disclosure*

Not applicable.

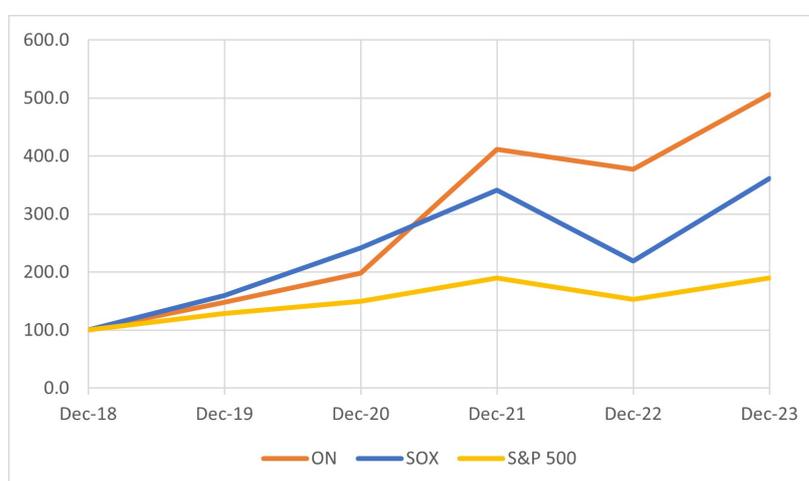
PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our common stock is traded under the symbol "ON" on the Nasdaq Global Select Market. The stock price details can be obtained from the Nasdaq website at www.nasdaq.com. As of January 31, 2024, there were approximately 174 holders of record of our common stock and 427,328,652 shares of common stock outstanding.

Company Stock Performance

The following graph shows a comparison of the five-year cumulative total stockholder return for onsemi, the PHLX Semiconductor Sector Index (SOX), and the Standard and Poor's 500 (S&P 500). The comparison assumes \$100 was invested on December 31, 2018 in shares of our common stock and in each of the indices shown and assumes that all of the dividends were reinvested. Note that past stock price performance is not necessarily indicative of future stock price performance. The performance graph in this Form 10-K shall be deemed furnished, and not filed, and shall not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act as a result of this furnishing, except to the extent that we specifically incorporate it by reference.



We have neither declared nor paid any cash dividends on our common stock since our initial public offering. Our future dividend policy with respect to our common stock will depend upon our earnings, capital requirements, financial condition, debt restrictions and other factors deemed relevant by our Board of Directors in its sole discretion.

Our outstanding debt facilities may limit the amount of dividends we are permitted to pay and the amount of shares we are permitted to buy back under the Share Repurchase Program (as defined below). We may pay dividends and buy back shares under the Share Repurchase Program in an unlimited amount so long as, after giving effect thereto, the consolidated total net leverage ratio (calculated in accordance with our New Credit Agreement) does not exceed 2.75 to 1.00. Additionally, under a different provision, so long as no default has occurred and is continuing or results therefrom, our New Credit Agreement permits us to pay cash dividends to our common stockholders, buy back shares under the Share Repurchase Program, or a combination thereof, in an amount up to \$350.0 million per year. See Note 9: "Long-Term Debt" in the notes to the audited consolidated financial statements included elsewhere in this Form 10-K for further discussion of our New Credit Agreement.

Issuer Purchases of Equity Securities

The following table provides information regarding repurchases of our common stock during the quarter ended December 31, 2023:

Period ⁽¹⁾	Total Number of Shares Purchased ⁽²⁾	Average Price Paid per Share (\$) ⁽³⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (\$ in millions) (\$) ⁽⁴⁾
September 30, 2023 - October 27, 2023	4,470,107	\$ 94.40	—	\$ 2,736.0
October 28, 2023 - November 24, 2023	4,490,278	66.83	4,490,168	2,436.0
November 25, 2023 - December 31, 2023	—	—	—	2,436.0
Total	8,960,385	80.58	4,490,168	

(1) The periods represent our fiscal month start and end dates for the fourth quarter of 2023.

(2) Included above is an aggregate of 4,470,217 shares that were received pursuant to bond hedges for which no cash was exchanged.

(3) The price per share is based on the fair market value at the time of tender, repurchase or exercise of outstanding put options, respectively.

(4) Represents the authorized amount remaining under the Share Repurchase Program (as defined below) announced on February 6, 2023 to repurchase up to \$3.0 billion of shares of our common stock through December 31, 2025.

Share Repurchase Program

In February 2023, the Board of Directors approved a share repurchase program (the “Share Repurchase Program”), which allows for the repurchase of our common stock from time to time through a variety of methods, including in privately negotiated transactions or open market transactions, such as pursuant to a trading plan in accordance with Rule 10b5-1 and Rule 10b-18 of the Exchange Act or a combination of methods. The Share Repurchase Program, which does not require us to purchase any minimum amount of our common stock, has an aggregate limit of \$3.0 billion from February 8, 2023 through December 31, 2025 (exclusive of fees, commissions and other expenses). Any repurchases will be at the Company’s discretion and will be subject to market conditions, the price of our shares and other factors. The share repurchase program may be modified, suspended or terminated by the Board of Directors at any time without prior notice.

The repurchases under the Share Repurchase Program amounted to \$564.0 million during the year ended December 31, 2023. There were \$259.8 million and \$0 in repurchases of common stock under the previous share repurchase program during the years ended December 31, 2022 and December 31, 2021, respectively. The previous share repurchase program, which did not require us to purchase any particular amount of common stock expired on December 31, 2022, with approximately \$1,036.0 million remaining unutilized.

See Note 10: “Earnings Per Share and Equity” of the notes to our audited consolidated financial statements included elsewhere in this Form 10-K for further information on shares of common stock tendered to the Company by employees to satisfy applicable employee withholding taxes due upon vesting of RSUs and the Share Repurchase Program.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with our audited historical consolidated financial statements, including the notes thereto, which are included elsewhere in this Form 10-K. Management’s Discussion and Analysis of Financial Condition and Results of Operations contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risk, uncertainties, and other factors and speak only as of the filing date. Actual results could differ materially because of the factors discussed in “Risk Factors” and elsewhere in this Form 10-K.

Executive Overview

This executive overview presents summarized information regarding our business and operating trends only. For further information relating to the information summarized herein, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its entirety.

onsemi Results

Our revenue for the year ended December 31, 2023 was \$8,253.0 million, representing a nominal decrease of 0.9% from \$8,326.2 million for the year ended December 31, 2022. During 2023, we reported net income attributable to onsemi of \$2,183.7 million compared to \$1,902.2 million in 2022. Our operating income totaled \$2,538.7 million during 2023 compared to \$2,360.0 million during 2022. The increases in our operating income and net income were primarily due to goodwill and intangible asset impairment charges related to our QCS wind down in 2022 amounting to \$386.8 million, which did not reoccur in 2023. Our gross margin decreased by approximately 190 basis points to 47.1% in 2023 from 49.0% in 2022. See discussion under "Results of Operations" for the reasons for the fluctuations year over year.

Business and Macroeconomic Environment

The semiconductor industry has traditionally been highly cyclical, has often experienced significant downturns in connection with, or in anticipation of, declines in general economic conditions, and may experience uncertainty and volatility in the future.

During 2023, the semiconductor industry experienced a slow down due to softening demand. We are monitoring the economic environment and related forecasts, and for indicators that would suggest the global economic slowdown could continue. Given the current conditions, we are actively managing and have taken corrective actions in our manufacturing capacity and spending to align with the forecasted 2024 demand. We believe the current volatility in general economic conditions is not expected to have a significant impact on our long-term strategic and growth initiatives.

We expect to continue to evaluate cost-saving initiatives to be able to align our overall cost structure, capital investments and other expenditures with our expected revenue, spending and capacity levels to help offset increased manufacturing and operating costs. We have taken, and continue to take actions, including but not limited to, exiting product lines that do not support our gross margin improvements and strategic objectives and aligning internal manufacturing capacity and resources to external demand.

See Note 7: "Restructuring, Asset Impairments and Other Charges, net" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K for information relating to our most recent cost-saving initiatives.

Results of Operations

A discussion of our results of operations for the year ended December 31, 2023 compared to December 31, 2022 is included below. For a discussion and comparison of the results of our operations for the year ended December 31, 2022 with the year ended December 31, 2021, refer to "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in our Form 10-K for the year ended December 31, 2022 filed with the SEC on February 6, 2023.

Operating Results

The following table summarizes certain information relating to our operating results that has been derived from our audited consolidated financial statements (in millions):

	Year ended December 31,		Change
	2023	2022	
Revenue	\$ 8,253.0	\$ 8,326.2	\$ (73.2)
Cost of revenue	4,369.5	4,249.0	120.5
Gross profit	3,883.5	4,077.2	(193.7)
Operating expenses:			
Research and development	577.3	600.2	(22.9)
Selling and marketing	279.1	287.9	(8.8)
General and administrative	362.4	343.2	19.2
Amortization of acquisition-related intangible assets	51.1	81.2	(30.1)
Restructuring, asset impairments and other charges, net	74.9	17.9	57.0
Goodwill and intangible asset impairment	—	386.8	(386.8)
Total operating expenses	1,344.8	1,717.2	(372.4)
Operating income	2,538.7	2,360.0	178.7
Other income (expense), net:			
Interest expense	(74.8)	(94.9)	20.1
Interest income	93.1	15.5	77.6
Loss on debt refinancing and prepayment	(13.3)	(7.1)	(6.2)
Gain (loss) on divestiture of businesses	(0.7)	67.0	(67.7)
Other income (expense), net	(7.2)	21.7	(28.9)
Other income (expense), net	(2.9)	2.2	(5.1)
Income before income taxes	2,535.8	2,362.2	173.6
Income tax provision	(350.2)	(458.4)	108.2
Net income	2,185.6	1,903.8	281.8
Less: Net income attributable to non-controlling interest	(1.9)	(1.6)	(0.3)
Net income attributable to ON Semiconductor Corporation	\$ 2,183.7	\$ 1,902.2	\$ 281.5

Revenue

Revenue was \$8,253.0 million and \$8,326.2 million for 2023 and 2022, respectively. The decrease from 2022 to 2023 of \$73.2 million, or 0.9%, was attributable to a 12.4% decrease in revenue in ASG, partially offset by a 5.7% and 3.0% increase in revenue in PSG and ISG, respectively, which are further explained below. There were no customers whose revenue exceeded 10% or more of total revenue for the year ended December 31, 2023.

Revenue by operating and reportable segments was as follows (dollars in millions):

	2023	As a % of Revenue (1)	2022	As a % of Revenue (1)
ASG	2,488.5	30.2 %	2,841.3	34.1 %
ISG	1,315.5	15.9 %	1,276.7	15.3 %
Total revenue	\$ 8,253.0		\$ 8,326.2	

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

Revenue from PSG

Revenue from PSG increased by \$240.8 million, or approximately 5.7%, during 2023 compared to 2022. The revenue from our Advanced Power Division increased by \$527.9 million, offset by a decrease of \$287.1 million in our Integrated Circuits, Protection and Signal Division. This increase was primarily driven by our continued ramp up in SiC and other power automotive solutions, while the decrease was primarily driven by planned customer product exits and reduced demand driven by lower end-market requirements for these products.

Revenue from ASG

Revenue from ASG decreased by \$352.8 million, or approximately 12.4%, during 2023 compared to 2022, due to a decrease in revenue from our Power Management Division of \$354.7 million, primarily driven by the planned end of life for targeted products as well as a general decline in demand in the computing and consumer end-markets.

Revenue from ISG

Revenue from ISG increased by \$38.8 million, or approximately 3.0%, during 2023 compared to 2022, which was largely driven by an increase in revenue from our Automotive Sensing Division of \$117.4 million primarily due to the reallocation of internal capacity to products yielding higher average selling prices. This was partially offset by a decrease of \$78.7 million in our Industrial and Consumer Solutions Division due to capacity reallocation and planned product exits.

Revenue by Geographic Location

Revenue by geographic location, based on sales billed from the respective country or regions, are as follows (dollars in millions):

	2023	As a % of Revenue (1)	2022	As a % of Revenue (1)
Hong Kong	\$ 2,168.6	26.3 %	\$ 2,315.8	27.8 %
Singapore	1,938.8	23.5 %	2,133.9	25.6 %
United Kingdom	1,753.4	21.2 %	1,492.3	17.9 %
United States	1,573.7	19.1 %	1,464.7	17.6 %
Other	818.5	9.9 %	919.5	11.0 %
Total Revenue	<u>\$ 8,253.0</u>		<u>\$ 8,326.2</u>	

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

Gross Profit and Gross Margin

Gross profit was \$3,883.5 million and \$4,077.2 million for 2023 and 2022, respectively, representing a decrease of \$193.7 million or approximately 5%.

For the overall Company, the decline in existing product revenue negatively impacted gross profit by approximately \$400 million, and higher manufacturing costs at our EFK location, which include start up and ramp up costs, along with an unfavorable impact from our foundry business, negatively impacted gross profit by approximately \$160 million. This decrease was partially offset by the gross profit of approximately \$320 million from new product sales.

Our gross margin decreased by 1.9% from 49.0% for the year ended December 31, 2022 to 47.1% for the year ended December 31, 2023, due to the impact of the factors explained above.

Our gross profit and gross margin percentages by operating and reportable segment were as follows (dollars in millions):

	2023	As a % of Segment Revenue (1)	2022	As a % of Segment Revenue (1)
PSG	\$ 2,111.3	47.5 %	\$ 1,994.3	47.4 %
ASG	1,131.9	45.5 %	1,474.5	51.9 %
ISG	640.3	48.7 %	608.4	47.7 %
Total gross profit	<u>\$ 3,883.5</u>	47.1 %	<u>\$ 4,077.2</u>	49.0 %

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

Explanation for the increase or decrease in gross profit amounts and gross margin percentages for the year ended December 31, 2023, compared to the year ended December 31, 2022 is provided below:

PSG gross profit and gross margin increased by \$117 million and 0.1%, respectively, primarily driven by increased revenue from new product sales, which contributed approximately \$320 million, and was partially offset by the impact of the decrease in revenue from existing products amounting to approximately \$180 million.

ASG gross profit and gross margin decreased by \$342.6 million and 6.4%, respectively, primarily driven by the decline in existing product revenue which impacted gross profit by approximately \$250 million, as well as the higher manufacturing costs at our EFK location, which includes the unfavorable impact of our foundry business of approximately \$120 million.

ISG gross profit and gross margin increased by \$31.9 million and 1%, respectively, primarily driven by increased revenue in existing products due to favorable pricing and product mix.

Operating Expenses

Research and Development

Research and development expenses were \$577.3 million and \$600.2 million, or approximately 7% and 7% of revenue for 2023 and 2022, respectively, representing a decrease of \$22.9 million, or approximately 4% year-over-year. The decrease was primarily due to a reduction in variable compensation expense, partially offset by an increase in new product development costs.

Selling and Marketing

Selling and marketing expenses were \$279.1 million and \$287.9 million, or approximately 3% and 3% of revenue for 2023 and 2022, respectively, representing a decrease of \$8.8 million, or approximately 3% year-over-year, primarily due to a reduction in variable compensation expense.

General and Administrative

General and administrative expenses were \$362.4 million and \$343.2 million, or approximately 4% and 4% of revenue for 2023 and 2022, respectively, representing an increase of \$19.2 million, or approximately 6% year-over-year. The increase was primarily due to expenses associated with information technology initiatives and a bad debt provision on outstanding receivable balances generated under an agreement with a business partner, which was partially offset by a decrease in variable compensation expense.

Amortization of Acquisition-Related Intangible Assets

Amortization of acquisition-related intangible assets was \$51.1 million and \$81.2 million for 2023 and 2022, respectively, representing a decrease of \$30.1 million, or approximately 37.1%, year-over-year. The decrease was due to the impairment of intangible assets associated with the QCS wind down during 2022, and a reduction in amortization expense as certain intangible assets became fully amortized.

Restructuring, Asset Impairments and Other Charges, net

Restructuring, asset impairments and other charges, net was \$74.9 million and \$17.9 million for 2023 and 2022, respectively,

representing an increase of \$57.0 million. Charges in 2023 related primarily to the business realignment efforts during 2023. For additional information, see Note 7: "Restructuring, Asset Impairments and Other Charges, net" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K.

Goodwill and Intangible Asset Impairment

Goodwill and intangible asset impairment charges were zero and \$386.8 million for 2023 and 2022, respectively. During 2022, we recorded goodwill impairment charges of \$330.0 million and intangible asset impairment charges of \$56.8 million related to the QCS wind down. See Note 6: "Goodwill and Intangible Assets" in the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-K for additional information.

Other Income and Expenses

Interest Expense

Interest expense decreased by \$20.1 million, or approximately 21.2%, to \$74.8 million during 2023 compared to \$94.9 million in 2022. The decrease was primarily due to the repayment of the balance under the Term Loan "B" Facility, which was repaid with proceeds from the 0.50% Notes. Additionally, the 1.625% Notes matured and were repaid during October 2023. Our average gross amount of long-term debt balance (including current maturities) during 2023 and 2022 was \$3,304.1 million and \$3,243.3 million, respectively. Our weighted average interest rate on our gross amount of long-term debt (including current maturities) was 2.3% and 2.9% per annum in 2023 and 2022, respectively.

Interest income

Interest income increased by \$77.6 million, or approximately 500.6%, to \$93.1 million during 2023 compared to \$15.5 million in 2022, primarily due to the increase in interest rates during 2023 along with a strategic shift in our investment strategy.

See "Liquidity and Capital Resources—Key Financing and Capital Events" below and Note 9: "Long-Term Debt" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K for a description of our indebtedness and our refinancing activities.

Gain (loss) on divestiture of businesses

Loss on divestiture of business was \$0.7 million in 2023, compared to a gain of \$67.0 million in 2022. During 2022, we divested the wafer manufacturing facilities in Niigata, Japan, Pocatello, Idaho, South Portland, Maine and Oudenaarde, Belgium and recognized the gain relating to such divestitures.

Loss on Debt Refinancing and Prepayment

We recorded loss on debt refinancing and prepayment of \$13.3 million during 2023 compared to \$7.1 million during 2022. The 2023 loss was due to the write-off relating to the repayment of the Term Loan "B" Facility, and the 2022 loss was primarily related to the partial prepayment of the Term "B" Facility. See "Liquidity and Capital Resources—Key Financing and Capital Events" below and Note 9: "Long-Term Debt" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K for a description of our indebtedness and our refinancing activities.

Other income (expense), net

Other income (expense), net was an expense of \$7.2 million in 2023, compared to an income of \$21.7 million in 2022. During 2023 we recognized actuarial losses on pension plans of \$4.0 million, whereas we recognized actuarial gains on pension plans of \$22.1 million during 2022.

Income Tax Provision

We recorded an income tax provision of \$350.2 million and \$458.4 million in 2023 and 2022, respectively, representing effective tax rates of 13.8% and 19.4%. The decrease in our effective tax rate was due to the goodwill impairments in the prior year, which were not deductible for tax purposes, and a current year benefit due to the net release of unrecognized tax benefits.

For additional information, see Note 16: "Income Taxes" and Note 6: "Goodwill and Intangible Assets" in the notes to the audited consolidated financial statements included elsewhere in this Form 10-K.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity are cash on hand, cash generated from operations, available borrowings under our Revolving Credit Facility as well as new debt and/or equity issuances. In the near term, we expect to fund our cash requirements by utilizing any or a combination of these principal sources, including any amounts required to satisfy our current portion of long-term debt. Our cash and cash equivalents were \$2,483.0 million as of December 31, 2023 and our Revolving Credit Facility has approximately \$1.1 billion available for future borrowings as of December 31, 2023.

We require cash to: (i) fund our operating expenses, working capital requirements, outlays for strategic acquisitions and investments; (ii) service our debt, including principal and interest; (iii) incur capital expenditures; and (iv) repurchase our common stock.

During the ordinary course of business, we evaluate our cash requirements and, if necessary, adjust our expenditures to reflect the current market conditions and our projected sales and demand. Our capital expenditures are primarily directed towards manufacturing equipment and can materially influence our available cash for other initiatives. Future capital expenditures may be impacted by events and transactions that are not currently forecasted.

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

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

Sources and Uses of Cash

The following are the significant sources and uses of cash during 2023:

- Cash flows from operating activities of \$1,977.5 million.
- Purchase of property, plant & equipment of \$1,575.6 million.
- Issuance of \$1.5 billion of 0.50% Notes, the net proceeds of which were used to repay the existing indebtedness under the Term Loan "B" Facility, net cost of the related convertible note hedges, the related transaction fees and general corporate purposes.
- Repayment of \$125 million under the Revolver due 2024 in the first quarter of 2023.
- Entering into the New Credit Agreement consisting of a \$1.5 billion Revolving Credit Facility and draw down of \$375 million to repay the entire outstanding balance under the Revolver due 2024 in the second quarter of 2023.
- Repurchases of approximately 7.6 million shares of common stock for an aggregate purchase price of \$564.0 million under the Share Repurchase Program.
- Repayment of the 1.625% Notes amounting to \$119.6 million in cash upon maturity and issuance of approximately 4.5 million shares of common stock to settle the excess over the principal.

Operating Activities

Our long-term cash generation is dependent on the ability of our operations to generate cash. Our cash flows from operating activities were \$1,977.5 million, \$2,633.1 million and \$1,782.0 million for the years ended December 31, 2023, 2022 and 2021,

respectively. Our operating cash flows for the year ended December 31, 2023 decreased by \$655.6 million, or 24.9%, compared to the year ended December 31, 2022 and was primarily attributable to increased working capital requirements related to our strategic investments in SiC inventory and our strategic investments in inventory for fab transitions, and payments related to the 2022 variable compensation.

Our ability to maintain positive operating cash flows is dependent on, among other factors, our success in achieving our revenue goals and in meeting LTSA commitments and manufacturing and operating cost targets. Management of our assets and liabilities, including both working capital and long-term assets and liabilities, also influences our operating cash flows.

Investing Activities

Our cash flows used in investing activities were \$1,737.9 million, \$705.4 million and \$915.1 million for the years ended December 31, 2023, 2022 and 2021, respectively. The increase of \$1,032.5 million for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily attributable to an increase in capital expenditures, the absence of any divestiture activities in 2023 and the remaining payment of \$236.3 million related to the acquisition of our EFK location. During the years ended December 31, 2023, 2022 and 2021, we paid \$1,575.6 million, \$1,005.0 million and \$444.6 million, respectively, for capital expenditures. Our capital expenditures as a percent of revenue increased in 2023 to 19%, primarily as a result of investments to expand SiC manufacturing capacity. In 2024, we expect capital expenditures to be in the range of 10% - 12% of revenue as these investments along with other capital initiatives are expected to decrease.

Financing Activities

Our cash flows used in financing activities were \$686.5 million, \$370.0 million and \$569.4 million for the years ended December 31, 2023, 2022 and 2021, respectively. The increase of \$316.5 million for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily attributable to proceeds and payments related to long-term borrowings and share repurchase activity. During 2023, we replaced the Revolver due 2024 maturing on June 28, 2024 with the Revolving Credit Facility. We do not have any meaningful debt maturing during the next 12 months. Our 0% Notes are classified as a current liability based on share price trigger provisions. We expect to continue repurchases under our Share Repurchase Program subject to market conditions, the price of our shares and other factors (including liquidity needs). However, the Share Repurchase Program may be modified, suspended or terminated by the Board of Directors at any time without prior notice.

See Part I, Item 1A "Risk Factors" included elsewhere in this Form 10-K for additional information related to liquidity matters.

Debt

As of December 31, 2023, we were in compliance with the indentures relating to our 0% Notes, 0.50% Notes and 3.875% Notes and with the financial covenants included in the New Credit Agreement. The 0% Notes, 0.50% Notes and 3.875% Notes are senior to the existing and future subordinated indebtedness of onsemi and its guarantor subsidiaries, rank equally in right of payment to all of our existing and future senior debt and, as unsecured obligations, are subordinated to all of our existing and future secured debt to the extent of the assets securing such debt. Failure to comply with any of our covenants or any other terms of our New Credit Agreement could result in higher interest rates in our borrowings or the acceleration of the maturities of our outstanding debt. In order to remain in compliance with the various financial covenants contained in our debt agreements and to fund working capital, our capital expenditures and business development efforts will depend on our ability to generate cash from operating activities, which is subject to, among other things, our future operating performance, as well as financial, competitive, legislative, regulatory and other conditions, some of which may be beyond our control.

As of December 31, 2023, there was \$804.9 million aggregate principal amount of the 0% Notes, \$1,500.0 million aggregate principal amount of the 0.50% Notes and \$700.0 million aggregate principal amount of 3.875% Notes. The aggregate principal amount of outstanding 0% Notes, net of unamortized discount and issuance costs, has been reclassified as a current portion of long-term debt based on the share price trigger provisions. The associated interest expense related to our indebtedness will continue to have a significant impact on our results of operations.

See Note 5: "Acquisitions and Divestitures" and Note 9: "Long-Term Debt" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K for additional information.

Key Financing and Capital Events

Overview

We continually evaluate our debt and capital structure and when appropriate, we have completed various measures to secure liquidity, repurchase shares of our common stock, reduce interest costs, amend or replace existing key financing arrangements and, in some cases, extend a portion of our debt maturities to continue to provide us additional operating flexibility. We took certain of these actions in 2023, which included the issuance of \$1.5 billion of 0.50% Convertible Senior Notes to repay our Term Loan "B" facility and the termination and replacement of the Prior Credit Agreement with the New Credit Agreement. See Note 9: "Long-Term Debt" and for further discussion on the Share Repurchase Program, see Note 10: "Earnings Per Share and Equity" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K.

2023 Financing Events

- Issuance of \$1.5 billion of 0.50% Notes on February 28, 2023, the net proceeds of which were used to repay \$1,086.0 million of the existing indebtedness under the Term Loan "B" Facility, the related transaction fees and expenses and to pay approximately \$171.5 million net cost of the related convertible note hedges.
- Repayment of \$125 million under the Revolver due 2024 in the first quarter of 2023.
- Entering into the New Credit Agreement consisting of a \$1.5 billion Revolving Credit Facility and draw down of \$375 million to repay the entire outstanding balance under the Revolver due 2024 in the second quarter of 2023.
- Repurchases of approximately 7.6 million shares of common stock for an aggregate purchase price of \$564.0 million under the Share Repurchase Program.
- Repayment of the 1.625% Notes amounting to \$119.6 million in cash upon maturity and issuance of approximately 4.5 million shares of common stock to settle the excess over the principal.

2022 Financing Events

- Draw down of \$500.0 million on the Revolver due 2024 and partial repayment of the outstanding balance on the Term Loan "B" facility and corresponding write off of \$7.3 million of unamortized debt discount and issuance costs.
- Repurchases of approximately 4.0 million shares of common stock for an aggregate purchase price of \$259.8 million under the previous share repurchase program.
- Settlement with certain holders of the 1.625% Notes to repurchase or exchange, as applicable, \$16.0 million in aggregate principal amount of the 1.625% Notes for a total consideration of \$16.0 million in cash and 552,000 shares of common stock.
- Entry into the Tenth Amendment to the Prior Credit Agreement to transition the interest rate base from the LIBO Rate to Term SOFR.

2021 Financing Events

- Issuance of \$805.0 million aggregate principal amount of 0% Notes, after paying \$160.3 million in cash for the convertible note hedges and receipt of \$93.8 million in cash for the sale of warrants.
- Settlement with certain holders of the 1.625% Notes to repurchase or exchange, as applicable, \$372.4 million in aggregate principal amount of the 1.625% Notes for a total consideration of \$506.5 million in cash and 5.4 million shares of common stock. Settlement with certain holders of 1.625% Notes in December 2021 of \$47.4 million of the 1.625% Notes for \$47.4 million in cash and 1.6 million shares of common stock.
- Repayment of the outstanding balance of \$700.0 million under the Revolver due 2024 using a portion of the net proceeds from the issuance of the 0% Notes and cash on hand.

See Note 9: "Long-Term Debt" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K for additional information.

Critical Accounting Policies and Estimates

The accompanying discussion and analysis of our financial condition and results of operations is based upon our audited consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. We believe certain of our accounting policies are critical to understanding our financial position and results of operations. We utilize the following critical accounting policies in the preparation of our financial statements. In addition to our critical accounting policies below, see Note 2: "Significant Accounting Policies" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K.

Use of Estimates. The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. We evaluate these estimates and judgments on an ongoing basis and base our estimates on experience, current and expected future conditions, third-party evaluations and various other assumptions that we believe are reasonable under the circumstances. Significant estimates have been used by management in conjunction with the following: (i) calculation of future payouts for customer incentives and amounts subject to allowances and returns; (ii) valuation and obsolescence relating to inventories; (iii) measurement of valuation allowances against deferred tax assets, and evaluations of uncertain tax positions; (iv) assumptions used in business combinations; and (v) testing for impairment of long-lived assets and goodwill. Actual results may differ from the estimates and assumptions used in the consolidated financial statements.

Revenue Recognition. We generate revenue from sales of our semiconductor products to direct customers and distributors. We also generate revenue, to a much lesser extent, from product development agreements and manufacturing services provided to customers. We apply a five-step approach in determining the amount and timing of revenue to be recognized: (i) identifying the contract with a customer; (ii) identifying the performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations in the contract; and (v) recognizing revenue when the performance obligation is satisfied. We allocate the transaction price to each distinct product based on its relative stand-alone selling price. In determining the transaction price, we evaluate whether the price is subject to refund or adjustment to determine the net consideration to which we expect to be entitled.

We recognize revenue when we satisfy a performance obligation in an amount reflecting the consideration to which we expect to be entitled. Substantially all of our revenue is recognized at the time control of the products transfers to the customer. For sales agreements, we have identified the promise to transfer products, each of which is distinct, to be the performance obligation. For product development agreements, we have identified the completion of a service defined in the agreement to be the performance obligation. We recognize revenue from manufacturing services when we satisfy the performance obligation by transferring the promised goods or services to the customer. Depending on the terms of the applicable contractual agreement with the customer, revenue is recognized at the point in time when the customer obtains control of the promised goods or service, or over time when the created asset has no alternate use to us and there is an enforceable right to payment for the performance to date.

Sales to certain distributors, primarily those with ship and credit rights, can be subject to price adjustment on certain products. We develop an estimate of their expected claims under the ship and credit program based on the historical claims data submitted by product and customer and expected future claims, which requires the use of estimates and assumptions related to the amount of each claim as well as the historical period used to develop the estimate.

Our direct customers do not have the right to return products, other than pursuant to the provisions of our standard warranty. Sales to distributors, however, are typically made pursuant to agreements that provide return rights and stock rotation provisions permitting limited levels of product returns. Provisions for discounts and rebates to customers, estimated returns and allowances, ship and credit claims and other adjustments are provided for in the same period the related revenue are recognized, and are netted against revenue. For non-quality related returns, we recognize a related asset for the right to recover returned products with a corresponding reduction to cost of goods sold. We record a reserve for cash discounts as a reduction to accounts receivable and a reduction to revenue, based on the experience with each customer.

Inventories. We carry our inventories at the lower of standard cost (which approximates actual cost on a first-in, first-out basis) or net realizable value and record provisions for potential excess and obsolete inventories based upon a regular analysis of inventory on hand compared to historical and projected end-user demand. The determination of projected end-user demand requires the use of estimates and assumptions related to projected unit sales for each product. These provisions can influence our results from operations. For example, when demand falls for a given part, all or a portion of the related inventory that is considered to be in excess of anticipated demand is reserved, impacting our cost of revenue and gross profit. The majority of

product inventory that has been previously reserved is ultimately discarded. However, we do sell some products that have previously been written down, such sales have historically been consistently insignificant and the related impact on our margins has also been insignificant.

Income Taxes. Income taxes are accounted for using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for those deferred tax assets for which we cannot conclude that it is more likely than not that such deferred tax assets will be realized.

In determining the amount of the valuation allowance, estimated future taxable income, feasible tax planning strategies, future reversals of existing temporary differences and taxable income in prior carryback years, if a carryback is permitted are considered. If we determine it is more likely than not that all or a portion of the remaining deferred tax assets will not be realized, the valuation allowance will be increased with a charge to income tax expense. Conversely, if we determine it is more likely than not to be able to utilize all or a portion of the deferred tax assets for which a valuation allowance has been provided, the related portion of the valuation allowance will be recorded as a reduction to income tax expense.

We recognize and measure benefits for uncertain tax positions using a two-step approach. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that the tax positions will be sustained upon audit, including resolution of any related appeals or litigation processes. For tax positions that are more likely than not to be sustained upon audit, the second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon settlement. No tax benefit is recognized for tax positions that are not more likely than not to be sustained. Our practice is to recognize interest and/or penalties related to income tax matters in income tax expense. Significant judgment is required to evaluate uncertain tax positions. Evaluations are based upon a number of factors, including changes in facts or circumstances, changes in tax law, correspondence with tax authorities during the course of tax audits and effective settlement of audit issues. Changes in the recognition or measurement of uncertain tax positions could result in material increases or decreases in income tax expense in the period in which the change is made, which could have a material impact to our effective tax rate.

Business Combination. We use estimates and assumptions in allocating the purchase price of acquired business by utilizing established valuation techniques appropriate for the technology industry to record the acquired assets and liabilities at fair value. We utilize the income approach, cost approach or market approach, depending upon which approach is the most appropriate based on the nature and reliability of available data. If the income approach is used, the fair value determination is predicated upon the value of the future cash flows that an asset is expected to generate over its economic life and involves significant assumptions as to cash flows, associated expenses, long-term growth rates and discount rates. The cost approach takes into account the cost to replace (or reproduce) the asset and involves assumptions relating to the asset's value of physical, functional and/or economic obsolescence that has occurred with respect to the asset. The market approach is used to estimate value from an analysis of actual transactions or offerings for economically comparable assets available as of the valuation date. Determining the fair value of acquired technology assets is judgmental in nature and requires the use of significant estimates and assumptions, including the discount rate, revenue growth rates, projected gross margins, and estimated research and development expenses.

Impairment of Goodwill and Long-Lived Assets. We evaluate our goodwill for potential impairment annually during the fourth quarter and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Our impairment evaluation consists of a qualitative assessment, and if deemed necessary, a quantitative test is performed which compares the fair value of a reporting unit with its carrying amount, including goodwill.

Determining the fair value of our reporting units is subjective in nature and involves the use of significant estimates and assumptions, including projected net cash flows, discount and long-term growth rates. We determine the fair value of our reporting units based on an income approach, whereby the fair value of the reporting unit is derived from the present value of estimated future cash flows. The assumptions about estimated cash flows include factors such as future revenue, gross profit, operating expenses, and industry trends. We consider historical rates and current market conditions when determining the discount and long-term growth rates to use in its analysis. We consider other valuation methods, such as the cost approach or market approach, if it is determined that these methods provide a more representative approximation of fair value.

We evaluate the recoverability of the carrying amount of our property, plant and equipment and intangible assets, whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be fully recoverable.

Impairment is first assessed when the undiscounted expected cash flows derived for an asset group are less than its carrying amount. Impairment losses, if applicable, are measured as the amount by which the carrying value of an asset group exceeds its fair value and are recognized in operating results. We continually apply our best judgment when applying these impairment rules to determine the timing of the impairment test, the undiscounted cash flows used to assess impairments and the fair value of an impaired asset group. The dynamic economic environment in which we operate and the resulting assumptions used to estimate future cash flows impact the outcome of our impairment tests. As we continue to implement our business strategy to rationalize products and manufacturing locations to transition to a lighter internal fabrication model, there could be divestiture transactions resulting in a portion of goodwill or other assets being de-recognized, and which may or may not result in accounting charges.

Contingencies. We are involved in a variety of legal matters that arise in the normal course of business. Based on the available information, we evaluate the relevant range and likelihood of potential outcomes and we record the appropriate liability when the amount is deemed probable and reasonably estimable.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see Note 4: "Recent Accounting Pronouncements and Other Developments" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

As of December 31, 2023, our gross long-term debt (including current maturities) totaled \$3,379.9 million. We have no interest rate exposure to rate changes on our fixed rate debt, which totaled \$3,004.9 million. We do have interest rate exposure with respect to our Revolving Credit Facility, which had a \$375.0 million balance as of December 31, 2023. We estimate a 50 basis point increase in interest rates would impact our expected annual interest expense for the next 12 months by approximately \$1.9 million. However, this impact may be partially offset by the additional interest earned on our cash and cash equivalents.

To ensure the adequacy and effectiveness of our foreign exchange hedge positions, we continually monitor our foreign exchange forward positions. However, given the inherent limitations of forecasting and the anticipatory nature of exposures intended to be hedged, we cannot provide any assurances that such programs will offset more than a portion of the adverse financial impact resulting from unfavorable movements in foreign exchange rates.

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

We enter into forward foreign currency contracts that economically hedge the gains and losses generated by the re-measurement of certain recorded assets and liabilities in a non-functional currency. Changes in the fair value of these undesignated hedges are recognized in other income and expense immediately as an offset to the changes in the fair value of the assets or liabilities being hedged. The notional amount of foreign exchange contracts at December 31, 2023 and 2022 was \$262.2 million and \$272.0 million, respectively.

Substantially all of our revenue is transacted in U.S. Dollars. However, a significant amount of our operating expenditures and capital purchases are transacted in local currencies, including Chinese Renminbi, Czech Koruna, Euros, Japanese Yen, Korean Won, Malaysian Ringgit, Philippine Peso and Vietnamese Dong. Due to the materiality of our transactions in these local currencies, our results are impacted by changes in currency exchange rates measured against the U.S. Dollar. For example, we determined that based on a hypothetical weighted-average change of 10% in currency exchange rates, our operating income would have impacted our income before taxes by approximately \$125.8 million for the year ended December 31, 2023, assuming no offsetting hedge position or correlated activities.

See Note 15: "Financial Instruments" in the notes to the audited consolidated financial statements included elsewhere in this Form 10-K for further information with respect to our hedging activity.

Item 8. Financial Statements and Supplementary Data

Our consolidated Financial Statements listed in the index appearing under Part IV, Item 15(a)(1) of this Form 10-K and the Financial Statement Schedule listed in the index appearing under Part IV, Item 15(a)(2) of this Form 10-K are filed as part of this Form 10-K and are incorporated herein by reference in this Item 8.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered in this Form 10-K, our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting.

We also carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the fiscal quarter ended December 31, 2023.

There have been no changes to our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework 2013*. Based on this assessment, management has concluded that our internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in "Exhibits and Financial Statement Schedules" of this Form 10-K.

Item 9B. Other Information

Insider Trading Arrangements

During the quarter ended December 31, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Item 408 of Regulation S-K), except as follows:

Sudhir Gopalswamy, Senior Vice President and General Manager, ASG, adopted a Rule 10b5-1 trading arrangement on

December 15, 2023. Under this arrangement, a total of 8,537 shares of our common stock may be sold, subject to certain conditions, before the plan expires on December 13, 2024.

The above arrangement is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information under the heading "Information about Our Executive Officers" in this Form 10-K is incorporated by reference into this section. Information concerning directors and persons nominated to become directors and executive officers is incorporated by reference from the text under the captions "The Board of Directors and Corporate Governance" and "Miscellaneous Information" in our Proxy Statement to be filed pursuant to Regulation 14A within 120 days after our fiscal year ended December 31, 2023 in connection with our 2024 Annual Meeting of Stockholders ("Proxy Statement").

Code of Business Conduct

Information concerning our Code of Business Conduct is incorporated by reference from the text under the caption "The Board of Directors and Corporate Governance" in our Proxy Statement.

Item 11. Executive Compensation

Information concerning executive compensation is incorporated by reference from the text under the captions "The Board of Directors and Corporate Governance—2023 Compensation of Directors" and "Compensation of Executive Officers" in our Proxy Statement.

The information incorporated by reference under the caption "Compensation Committee Report" in our Proxy Statement shall be deemed furnished, and not filed, in this Form 10-K and shall not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act as a result of this furnishing, except to the extent that we specifically incorporate it by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information concerning security ownership of certain beneficial owners and management is incorporated by reference from the text under the captions "Principal Stockholders," "Share Ownership of Directors and Executive Officers" and "Equity Compensation Plan Information" in our Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information concerning certain relationships and related transactions involving us and certain others is incorporated by reference from the text under the caption "The Board of Directors and Corporate Governance" in our Proxy Statement.

Item 14. Principal Accountant Fees and Services

Information concerning principal accounting fees and services is incorporated by reference from the text under the caption "Audit Committee Matters" in our Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

- (a) The following documents are filed as part of this Annual Report on Form 10-K:
 - (1) Consolidated Financial Statements:

ON Semiconductor Corporation Consolidated Financial Statements:

Report of Independent Registered Public Accounting Firm (PCAOB ID 238)	55
Consolidated Balance Sheets as of December 31, 2023 and 2022	57
Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2023, 2022 and 2021	58
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2023, 2022 and 2021	59
Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021	61
Notes to Consolidated Financial Statements	62

(2) Consolidated Financial Statement Schedule:

Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 2023, 2022 and 2021	101
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All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or related notes.

(3) Exhibits:

EXHIBIT INDEX*

<u>Exhibit No.</u>	<u>Exhibit Description</u>
2.1	<u>Agreement and Plan of Merger, dated November 18, 2015, by and among Fairchild Semiconductor International, Inc., ON Semiconductor Corporation and Falcon Operations Sub, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on November 18, 2015)†</u>
2.2	<u>Agreement and Plan of Merger, dated August 25, 2021, by and among ON Semiconductor Corporation, Semiconductor Components Industries, LLC, Terra Merger Sub, Inc., GT Advanced Technologies Inc. and Pirinate Consulting Group 2, LLC, as equityholder representative (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on August 25, 2021)†</u>
3.1(a)	<u>Certificate of Incorporation of ON Semiconductor Corporation, as further amended through March 26, 2008 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 7, 2008)</u>
3.1(b)	<u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on June 3, 2014)</u>
3.1(c)	<u>Certificate of Amendment to the Amended and Restated Certificate of Incorporation, dated May 17, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 7, 2017)</u>
3.2	<u>By-Laws of ON Semiconductor Corporation as Amended and Restated on August 19, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on August 25, 2022)</u>
4.1	<u>Specimen of share certificate of Common Stock, par value \$0.01, ON Semiconductor Corporation (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed with the Commission on March 10, 2004)</u>
4.2(a)	<u>Indenture regarding the 1.625% Convertible Senior Notes due 2023, dated as of March 31, 2017 among ON Semiconductor Corporation, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on April 3, 2017)</u>
4.2(b)	<u>Form of Global 1.625% Convertible Senior Note due 2023 (included in Exhibit 4.2(a))</u>
4.2(c)	<u>First Supplemental Indenture to the Indenture regarding the 1.625% Convertible Senior Notes due 2023, dated as of January 7, 2020 among ON Semiconductor Corporation, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.3(c) to the Company's Annual Report on Form 10-K filed with the Commission on February 19, 2020)</u>
4.3(a)	<u>Indenture, dated as of August 21, 2020, among ON Semiconductor Corporation, the guarantors party thereto and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on August 21, 2020)</u>
4.3(b)	<u>Form of Global 3.875% Senior Note due 2028 (included in Exhibit 4.3(a))</u>
4.4(a)	<u>Indenture, dated as of May 14, 2021, among the Company, the guarantors party thereto and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on May 19, 2021)</u>
4.4(b)	<u>Form of Global 0% Convertible Senior Note due 2027 (included in Exhibit 4.4(a))</u>
4.5(a)	<u>Indenture, dated as of February 28, 2023, among the Company, the guarantors party thereto and Computershare Trust Company, National Association (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on March 1, 2023)</u>
4.5(b)	<u>Form of Global 0.50% Convertible Senior Note due 2029 (included in Exhibit 4.5(a))</u>
4.6	<u>Description of the Registrant's Securities Registered under Section 12 of the Securities Exchange Act of 1934, as amended (incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K filed with the Commission on February 6, 2023)</u>

- 10.1 [Amended and Restated Intellectual Property Agreement, dated August 4, 1999, among Semiconductor Components Industries, LLC and Motorola, Inc. \(incorporated by reference to Exhibit 10.5 to Amendment No. 1 to the Company's Registration Statement filed with the Commission on January 11, 2000 \(File No. 333-90359\)\)](#)
- 10.2 [Lease for 52nd Street property, dated July 31, 1999, among Semiconductor Components Industries, LLC as Lessor, and Motorola, Inc. as Lessee \(incorporated by reference to Exhibit 10.16 to the Company's Registration Statement filed with the Commission on November 5, 1999 \(File No. 333-90359\)\)](#)
- 10.3 [Declaration of Covenants, Easement of Restrictions and Options to Purchase and Lease, dated July 31, 1999, among Semiconductor Components Industries, LLC and Motorola, Inc. \(incorporated by reference to Exhibit 10.17 to the Company's Registration Statement filed with the Commission on November 5, 1999 \(File No. 333-90359\)\)](#)
- 10.4(a) [Joint Venture Contract for Leshan-Phoenix Semiconductor Company Limited, amended and restated on April 20, 2006 between SCG \(China\) Holding Corporation \(a subsidiary of ON Semiconductor Corporation\) and Leshan Radio Company Ltd. \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on July 28, 2006\)](#)
- 10.4(b) [Amendment Agreement, dated September 29, 2014, to Joint Venture Contract for Leshan-Phoenix Semiconductor Company Limited between ON Semiconductor \(China\) Holding, LLC \(a subsidiary of ON Semiconductor Corporation\) and Leshan Radio Company Ltd. \(incorporated by reference to Exhibit 10.5\(b\) to the Company's Annual Report on Form 10-K filed with the Commission on February 27, 2015\)](#)
- 10.5(a) [Credit Agreement, dated April 15, 2016, among ON Semiconductor Corporation, as borrower, the several lenders party thereto, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, Deutsche Bank Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BMO Capital Markets Corp., HSBC Securities \(USA\) Inc. and Sumitomo Mitsui Banking Corporation, as joint lead arrangers and joint bookrunners, Barclays Bank PLC, Compass Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Morgan Stanley Senior Funding, Inc., BOKF, NA and KBC Bank N.V., as co-managers, and HSBC Bank USA, N.A. and Sumitomo Mitsui Banking Corporation, as co-documentation agents \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on April 15, 2016\)](#)
- 10.5(b) [Guarantee and Collateral Agreement, dated April 15, 2016, made by ON Semiconductor Corporation and the other signatories thereto in favor of Deutsche Bank AG New York Branch, as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on April 15, 2016\)](#)
- 10.5(c) [Escrow Agreement, dated April 15, 2016, among ON Semiconductor Corporation, MUFG Union Bank, N.A., as escrow agent, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Commission on April 15, 2016\)](#)
- 10.5(d) [Joinder to Amended and Restated Guaranty, dated March 15, 2016, among the guarantors party thereto \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on March 17, 2016\)](#)
- 10.5(e) [Joinder to Amended and Restated Guaranty, dated April 14, 2016, among the guarantors party thereto \(incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Commission on April 15, 2016\)](#)
- 10.5(f) [Assumption Agreement, dated September 19, 2016, by and between ON Semiconductor \(China\) Holdings, LLC and Deutsche Bank AG New York Branch \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on September 23, 2016\)](#)
- 10.5(g) [Pledge Supplement, dated September 19, 2016, by ON Semiconductor \(China\) Holdings, LLC \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on September 23, 2016\)](#)

- 10.5(h) [Assumption Agreement, dated September 19, 2016, by and among Fairchild Semiconductor International, Inc., Fairchild Semiconductor Corporation, Fairchild Semiconductor Corporation of California, Giant Holdings, Inc., Fairchild Semiconductor West Corporation, Kota Microcircuits, Inc., Silicon Patent Holdings, Giant Semiconductor Corporation, Micro-Ohm Corporation, Fairchild Energy, LLC and Deutsche Bank AG New York Branch \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Commission on September 23, 2016\)](#)
- 10.5(i) [Pledge Supplement, dated September 19, 2016, by Fairchild Semiconductor International, Inc., Fairchild Semiconductor Corporation, Fairchild Semiconductor Corporation of California, Giant Holdings, Inc., Fairchild Semiconductor West Corporation, Kota Microcircuits, Inc., Silicon Patent Holdings, Giant Semiconductor Corporation, Micro-Ohm Corporation and Fairchild Energy, LLC \(incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Commission on September 23, 2016\)](#)
- 10.5(j) [First Amendment to Credit Agreement, dated September 30, 2016, among ON Semiconductor Corporation, as borrower, certain subsidiaries thereof, as guarantors, the several lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on September 30, 2016\)](#)
- 10.5(k) [Second Amendment to Credit Agreement, dated March 31, 2017, among ON Semiconductor Corporation, as borrower, certain subsidiaries thereof, as guarantors, the several lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on April 3, 2017\)](#)
- 10.5(l) [Third Amendment to Credit Agreement, dated November 30, 2017, among ON Semiconductor Corporation, as borrower, certain subsidiaries thereof, as guarantors, the several lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 4, 2017\)](#)
- 10.5(m) [Fourth Amendment to Credit Agreement, dated May 31, 2018, among ON Semiconductor Corporation, as borrower, certain subsidiaries thereof, as guarantors, the several lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on July 30, 2018\)](#)
- 10.5(n) [Fifth Amendment to Credit Agreement, dated June 12, 2019, among ON Semiconductor Corporation, as borrower, certain subsidiaries thereof, as guarantors, the several lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on June 17, 2019\)](#)
- 10.5(o) [Sixth Amendment to Credit Agreement, dated August 15, 2019, among ON Semiconductor Corporation, as borrower, certain subsidiaries thereof, as guarantors, the several lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on October 28, 2019\)](#)
- 10.5(p) [Seventh Amendment to Credit Agreement, dated September 19, 2019, among ON Semiconductor Corporation, as borrower, certain subsidiaries thereof, as guarantors, the several lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Commission on September 20, 2019\)](#)
- 10.5(q) [Eighth Amendment to Credit Agreement, dated as of June 23, 2020, among ON Semiconductor Corporation, as borrower, certain subsidiaries thereof, as guarantors, the several lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2020\)](#)
- 10.5(r) [Ninth Amendment to Credit Agreement, dated as of May 10, 2021, by and among ON Semiconductor Corporation, as borrower, the subsidiary guarantors party thereto, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and certain Lenders party thereto constituting the Required lenders \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 2, 2021\)](#)

- 10.5(s) [Tenth Amendment to Credit Agreement, dated as of November 16, 2022, by and among ON Semiconductor Corporation, as borrower, the subsidiary guarantors party thereto, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and certain Lenders party thereto constituting the Required lenders \(incorporated by reference to Exhibit 10.5\(s\) to the Company's Annual Report on Form 10-K filed with the Commission on February 6, 2023\)](#)
- 10.6(a) [Form of Convertible Note Hedges related to the Company's 1.625% Convertible Senior Note due 2023 \(incorporated by reference to Exhibit 10.6\(a\) to the Company's Annual Report on Form 10-K filed with the Commission on February 14, 2022\)](#)
- 10.6(b) [Form of Warrant Confirmation for Warrants related to the Company's 1.625% Convertible Senior Note due 2023 \(incorporated by reference to Exhibit 10.6\(b\) to the Company's Annual Report on Form 10-K filed with the Commission on February 14, 2022\)](#)
- 10.7(a) [ON Semiconductor Corporation Amended and Restated Stock Incentive Plan \(as amended and restated February 11, 2022\) \(incorporated by reference to Exhibit 10.7\(a\) to the Company's Annual Report on Form 10-K filed with the Commission on February 14, 2022\) \(2\)](#)
- 10.7(b) [Restricted Stock Units Award Agreement under the ON Semiconductor Amended and Restated Stock Incentive Plan \(2021 form agreement for Senior Employee Group\) \(incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 3, 2021\) \(2\)](#)
- 10.7(c) [Performance-Based Restricted Stock Units Award Agreement under the ON Semiconductor Amended and Restated Stock Incentive Plan \(2021 form agreement for Tier I Employees\) \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 3, 2021\) \(2\)](#)
- 10.7(d) [Form of Annual Restricted Stock Unit Award Agreement under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan \(2022 and 2023\) \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 2, 2022\) \(2\)](#)
- 10.7(e) [Form of Annual Performance-Based Restricted Stock Unit Award Agreement under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan \(2022 form agreement\) \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 2, 2022\) \(2\)](#)
- 10.7(f) [Form of Annual Performance-Based Restricted Stock Unit Award Agreement under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan \(2023 form agreement\) \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 1, 2023\) \(2\)](#)
- 10.7(g) [Restricted Stock Units Award Agreement under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan for Hassane S. El-Khoury, dated December 7, 2020 \(incorporated by reference to Exhibit 10.7\(r\) to the Company's Annual Report on Form 10-K filed with the Commission on February 16, 2021\) \(2\)](#)
- 10.7(h) [Performance-Based Restricted Stock Units Award Agreement under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan for Hassane S. El-Khoury, dated December 7, 2020 \(incorporated by reference to Exhibit 10.7\(s\) to the Company's Annual Report on Form 10-K filed with the Commission on February 16, 2021\) \(2\)](#)
- 10.7(i) [Restricted Stock Units Award Agreement under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan for Thad Trent, dated February 16, 2021 \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 3, 2021\) \(2\)](#)
- 10.7(j) [Performance-Based Restricted Stock Units Award Agreement under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan for Thad Trent, dated February 16, 2021 \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 3, 2021\) \(2\)](#)
- 10.7(k) [Form of Restricted Stock Award Agreement for Directors under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan \(2022 form agreement\) \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 1, 2022\) \(2\)](#)

- 10.8(a) [ON Semiconductor Corporation 2000 Employee Stock Purchase Plan \(as amended by the amendment effective March 17, 2021\), approved by stockholders May 20, 2021 \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 2, 2021\)\(2\)](#)
- 10.9 [Employment Agreement by and between Semiconductor Components Industries, LLC and Hassane S. El-Khoury, dated December 7, 2020 \(incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K filed with the Commission on February 16, 2021\)\(2\)](#)
- 10.10 [Employment Agreement by and between Semiconductor Components Industries, LLC and Thad Trent, dated February 16, 2021 \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 3, 2021\)\(2\)](#)
- 10.11 [Employment Agreement by and between Semiconductor Components Industries, LLC and Simon Keeton, dated January 1, 2019 \(incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K filed with the Commission on February 20, 2019\)\(2\)](#)
- 10.12 [Key Officer Severance and Change in Control Agreement by and between Semiconductor Components Industries, LLC and Ross F. Jatou, dated as of October 1, 2020 \(incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K filed with the Commission on February 16, 2021\)\(2\)](#)
- 10.13 [Employment Agreement by and between Semiconductor Components Industries, LLC and Robert Tong, dated February 22, 2022 \(incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K filed with the Commission on February 6, 2023\)\(2\)](#)
- 10.14 [Form of Employment Agreement for Senior Vice Presidents \(Direct Reports to Chief Executive Officer\)\(1\)\(2\)](#)
- 10.15 [Form of Indemnification Agreement with Directors and Officers \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on February 25, 2016\)\(2\)](#)
- 10.16(a) [Environmental Side Letter, dated March 11, 1997, between National Semiconductor Corporation and Fairchild Semiconductor Corporation \(incorporated by reference to Exhibit 10.19 to Fairchild Semiconductor Corporation's Registration Statement filed with the Commission on May 12, 1997 \(File No. 333-26897\)\)](#)
- 10.16(b) [Intellectual Property License Agreement, dated April 13, 1999, between Samsung Electronics Co., Ltd. and Fairchild Korea Semiconductor, Ltd. \(incorporated by reference to Exhibit 10.41 to Fairchild Semiconductor International, Inc.'s Registration Statement filed with the Commission on June 30, 1999 \(File No. 333-78557\)\)](#)
- 10.16(c) [Technology Licensing and Transfer Agreement, dated March 11, 1997, between National Semiconductor Corporation and Fairchild Semiconductor Corporation \(incorporated by reference to Amendment No. 3 to Fairchild Semiconductor Corporation's Registration Statement on Form S-4, filed with the Commission on July 9, 1997 \(File No. 333-28697\)\)](#)
- 10.17(a) [Asset Purchase Agreement, dated as of April 22, 2019, between GLOBALFOUNDRIES U.S. Inc. and Semiconductor Components Industries, LLC \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on August 5, 2019\)†](#)
- 10.17(b) [Amendment No. 1 to Asset Purchase Agreement, dated October 1, 2020, by and among Semiconductor Components Industries, LLC, GLOBALFOUNDRIES U.S. Inc., and GLOBALFOUNDRIES Inc. \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on October 7, 2020\)](#)
- 10.18 [Settlement Agreement, dated October 19, 2019, by and between ON Semiconductor Corporation and Power Integrations, Inc. \(incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K filed with the Commission on February 19, 2020\)](#)
- 10.19(a) [Form of Confirmation for Convertible Notes Hedges related to the Company's 0% Convertible Senior Note due 2027 \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on May 19, 2021\)](#)
- 10.19(b) [Form of Confirmation for Warrants related to the Company's 0% Convertible Senior Note due 2027 \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on May 19, 2021\)](#)

10.20(a)	Form of Confirmation for Convertible Note Hedges related to the Company's 0.50% Convertible Senior Notes due 2029 (incorporated by reference to Exhibit 10.1 to the Company's Amendment No. 1 to Current Report on Form 8-K/A filed with the Commission on March 2, 2023)
10.20(b)	Form of Confirmation for Warrants related to the Company's 0.50% Convertible Senior Notes due 2029 (incorporated by reference to Exhibit 10.2 to the Company's Amendment No. 1 to Current Report on Form 8-K/A filed with the Commission on March 2, 2023)
10.21(a)	Credit Agreement, dated as of June 22, 2023, by and among ON Semiconductor Corporation, as borrower, the several lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, JPMorgan Chase Bank, N.A., Bank of America, N.A., Barclays Bank PLC, BMO Capital Markets, Corp., BNP Paribas Securities Corp., Citibank, N.A., Credit Agricole Corporate and Investment Bank, Deutsche Bank Securities, Inc., Goldman Sachs Bank USA, HSBC Securities (USA) N.A., Morgan Stanley Senior Funding, Inc., MUFG Bank, LTD, PNC Bank, National Association and Sumitomo Mitsui Banking Corporation, as joint lead arrangers and joint bookrunners and BMO Capital Markets, as sustainability structuring agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 26, 2023)
10.21(b)	Guarantee Agreement, dated as of June 22, 2023, among the signatories thereto, as grantors, in favor of JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated June 26, 2023)
10.21(c)	Security Agreement, dated as of June 22, 2023, among ON Semiconductor Corporation and the other signatories thereto in favor of JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated June 26, 2023)
21.1	List of Significant Subsidiaries(1)
23.1	Consent of Independent Registered Public Accounting Firm-PricewaterhouseCoopers LLP(1)
24.1	Powers of Attorney(1)
31.1	Certification by CEO pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002(1)
31.2	Certification by CFO pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002(1)
32	Certification by CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(3)
97	onsemi Dodd-Frank Compensation Recovery Policy(1)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document and contained in Exhibit 101.

* Reports filed under the Securities Exchange Act (Form 10-K, Form 10-Q and Form 8-K) are filed under File No. 000-30419 and File No. 001-39317.

- (1) Filed herewith.
- (2) Management contract or compensatory plan, contract or arrangement.
- (3) Furnished herewith.

† Schedules or other attachments to these exhibits not filed herewith shall be furnished to the Commission upon request.

Item 16. *Form 10-K Summary*

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 5, 2024

ON Semiconductor Corporation

By: /s/ HASSANE EL-KHOURY

Name: Hassane El-Khoury

Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Titles</u>	<u>Date</u>
<u>/s/ HASSANE EL-KHOURY</u> Hassane El-Khoury	President, Chief Executive Officer and Director (Principal Executive Officer)	February 5, 2024
<u>/s/ THAD TRENT</u> Thad Trent	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 5, 2024
<u>*</u> Alan Campbell	Chair of the Board of Directors	February 5, 2024
<u>*</u> Atsushi Abe	Director	February 5, 2024
<u>*</u> Susan K. Carter	Director	February 5, 2024
<u>*</u> Thomas L. Deitrich	Director	February 5, 2024
<u>*</u> Bruce E. Kiddoo	Director	February 5, 2024
<u>*</u> Christina Lampe-Önnerud	Director	February 5, 2024
<u>*</u> Paul A. Mascarenas	Director	February 5, 2024
<u>*</u> Gregory Waters	Director	February 5, 2024
<u>*</u> Christine Y. Yan	Director	February 5, 2024
*By: <u>/s/ THAD TRENT</u> Thad Trent	Attorney-in-Fact	February 5, 2024

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of ON Semiconductor Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of ON Semiconductor Corporation and its subsidiaries (the “Company”) as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive income, of stockholders’ equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also,

projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Inventories

As described in Notes 2 and 8 to the consolidated financial statements, the Company's inventory balance of \$2,111.8 million as of December 31, 2023, is stated at the lower of standard cost (which approximates actual cost on a first-in, first-out basis) or net realizable value. Management writes down excess and obsolete inventories based upon a regular analysis of inventory on hand compared to historical and projected end-user demand.

The principal considerations for our determination that performing procedures relating to the valuation of inventories is a critical audit matter are the significant judgment by management in developing the write down for excess and obsolete inventories. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate the reasonableness of management's analysis, including the inputs utilized and the significant assumptions related to projected end-user demand employed within the analysis.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of inventories. These procedures also included, among others (i) testing management's process for developing the write down for excess and obsolete inventories, (ii) evaluating the appropriateness of the analysis, and (iii) evaluating the reasonableness of the significant assumptions related to projected end-user demand used by management in developing the write down for excess and obsolete inventories. Evaluating the reasonableness of the assumptions related to projected end-user demand involved considering the performance of product sales and whether they were consistent with evidence obtained in other areas of the audit.

/s/ PricewaterhouseCoopers LLP
Phoenix, Arizona
February 5, 2024

We have served as the Company's auditor since 1999.

ON SEMICONDUCTOR CORPORATION
CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share data)

	December 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 2,483.0	\$ 2,919.0
Receivables, net	935.4	842.3
Inventories	2,111.8	1,616.8
Other current assets	382.1	351.3
Total current assets	5,912.3	5,729.4
Property, plant and equipment, net	4,401.5	3,450.7
Goodwill	1,577.6	1,577.6
Intangible assets, net	299.3	359.7
Deferred tax assets	600.8	376.7
ROU financing lease assets	42.4	45.8
Other assets	381.3	438.6
Total assets	<u>\$ 13,215.2</u>	<u>\$ 11,978.5</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$ 725.6	\$ 852.1
Accrued expenses and other current liabilities	663.2	1,047.3
Current portion of financing lease liabilities	0.8	14.2
Current portion of long-term debt	794.0	147.8
Total current liabilities	2,183.6	2,061.4
Long-term debt	2,542.6	3,045.7
Deferred tax liabilities	38.7	34.1
Long-term financing lease liabilities	22.4	23.0
Other long-term liabilities	627.3	607.3
Total liabilities	5,414.6	5,771.5
Commitments and contingencies (Note 13)		
ON Semiconductor Corporation stockholders' equity:		
Common stock (\$0.01 par value, 1,250,000,000 shares authorized, 616,281,996 and 608,367,713 shares issued, 426,386,426 and 431,936,415 shares outstanding, respectively)	6.2	6.1
Additional paid-in capital	5,210.9	4,670.9
Accumulated other comprehensive loss	(45.2)	(23.2)
Accumulated earnings	6,548.1	4,364.4
Less: Treasury stock, at cost; 189,895,570 and 176,431,298 shares, respectively	(3,937.4)	(2,829.7)
Total ON Semiconductor Corporation stockholders' equity	7,782.6	6,188.5
Non-controlling interest	18.0	18.5
Total stockholders' equity	7,800.6	6,207.0
Total liabilities and stockholders' equity	<u>\$ 13,215.2</u>	<u>\$ 11,978.5</u>

See accompanying notes to consolidated financial statements

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

	Year ended December 31,		
	2023	2022	2021
Revenue	\$ 8,253.0	\$ 8,326.2	\$ 6,739.8
Cost of revenue	4,369.5	4,249.0	4,025.5
Gross profit	3,883.5	4,077.2	2,714.3
Operating expenses:			
Research and development	577.3	600.2	655.0
Selling and marketing	279.1	287.9	293.6
General and administrative	362.4	343.2	304.8
Amortization of acquisition-related intangible assets	51.1	81.2	99.0
Restructuring, asset impairments and other charges, net	74.9	17.9	71.4
Goodwill and intangible asset impairment	—	386.8	2.9
Total operating expenses	1,344.8	1,717.2	1,426.7
Operating income	2,538.7	2,360.0	1,287.6
Other income (expense), net:			
Interest expense	(74.8)	(94.9)	(130.4)
Interest income	93.1	15.5	1.4
Loss on debt refinancing and prepayment	(13.3)	(7.1)	(29.0)
Gain (loss) on divestiture of businesses	(0.7)	67.0	10.2
Other income (expense), net	(7.2)	21.7	18.0
Other income (expense), net	(2.9)	2.2	(129.8)
Income before income taxes	2,535.8	2,362.2	1,157.8
Income tax provision	(350.2)	(458.4)	(146.6)
Net income	2,185.6	1,903.8	1,011.2
Less: Net income attributable to non-controlling interest	(1.9)	(1.6)	(1.6)
Net income attributable to ON Semiconductor Corporation	\$ 2,183.7	\$ 1,902.2	\$ 1,009.6
Net income for diluted earnings per share of common stock (Note 10)	\$ 2,185.0	\$ 1,904.2	\$ 1,009.6
Net income per share of common stock attributable to ON Semiconductor Corporation:			
Basic	\$ 5.07	\$ 4.39	\$ 2.37
Diluted	\$ 4.89	\$ 4.25	\$ 2.27
Weighted-average shares of common stock outstanding:			
Basic	430.7	433.2	425.7
Diluted	446.8	448.2	443.8
Comprehensive income (loss), net of tax:			
Net income	\$ 2,185.6	\$ 1,903.8	\$ 1,011.2
Foreign currency translation adjustments	(2.1)	(6.0)	(3.8)
Effects of cash flow hedges	(19.9)	23.4	20.8
Other comprehensive income (loss), net of tax	(22.0)	17.4	17.0
Comprehensive income	2,163.6	1,921.2	1,028.2
Comprehensive income attributable to non-controlling interest	(1.9)	(1.6)	(1.6)
Comprehensive income attributable to ON Semiconductor Corporation	\$ 2,161.7	\$ 1,919.6	\$ 1,026.6

See accompanying notes to consolidated financial statements

ON SEMICONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (in millions, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated (Deficit) Earnings	Treasury Stock		Non- Controlling Interest	Total Equity
	Number of shares	At Par Value				Number of shares	At Cost		
Balance at December 31, 2020	570,766,439	\$ 5.7	\$ 4,133.1	\$ (57.6)	\$ 1,425.5	(158,923,810)	\$ (1,968.2)	\$ 19.6	\$ 3,558.1
Stock option exercises	4,000	—	—	—	—	—	—	—	—
Shares issued pursuant to the ESPP	724,223	—	23.5	—	—	—	—	—	23.5
RSUs released and stock grant awards issued	3,037,866	—	—	—	—	—	—	—	—
Shares issued for warrants exercise - 1.00% Notes	13,424,951	0.1	(0.1)	—	—	—	—	—	—
Partial settlement - 1.625% Notes	7,004,663	0.1	(142.4)	—	—	—	—	—	(142.3)
Partial settlement of warrants - 1.625% Notes	8,081,937	0.1	(0.1)	—	—	—	—	—	—
Partial settlement of bond hedges - 1.625% Notes	—	—	441.3	—	—	(10,701,920)	(441.3)	—	—
Equity component - 0% Notes	—	—	136.6	—	—	—	—	—	136.6
Warrants and bond hedges, net - 0% Notes	—	—	(66.5)	—	—	—	—	—	(66.5)
Tax impact of convertible notes, warrants and bond hedges, net	—	—	6.6	—	—	—	—	—	6.6
Payment of tax withholding for RSUs	—	—	—	—	—	(945,531)	(38.9)	—	(38.9)
Share-based compensation	—	—	101.3	—	—	—	—	—	101.3
Dividend to non-controlling shareholder	—	—	—	—	—	—	—	(2.2)	(2.2)
Comprehensive income	—	—	—	17.0	1,009.6	—	—	1.6	1,028.2
Balance at December 31, 2021	603,044,079	6.0	4,633.3	(40.6)	2,435.1	(170,571,261)	(2,448.4)	19.0	4,604.4
Impact of the adoption of ASU 2020-06	—	—	(129.1)	—	27.1	—	—	—	(102.0)
Shares issued pursuant to the ESPP	493,484	—	22.9	—	—	—	—	—	22.9
RSUs released and stock grant awards issued	3,739,726	0.1	(0.1)	—	—	—	—	—	—
Partial settlement - 1.625% Notes	611,431	—	(0.3)	—	—	—	—	—	(0.3)
Partial settlement of warrants - 1.625% Notes	478,993	—	—	—	—	—	—	—	—
Partial settlement of bond hedges - 1.625% Notes	—	—	43.4	—	—	(617,554)	(43.4)	—	—
Payment of tax withholding for RSUs	—	—	—	—	—	(1,254,030)	(78.1)	—	(78.1)
Share-based compensation	—	—	100.8	—	—	—	—	—	100.8
Repurchase of common stock	—	—	—	—	—	(3,988,453)	(259.8)	—	(259.8)
Dividend to non-controlling shareholder	—	—	—	—	—	—	—	(2.1)	(2.1)
Comprehensive income	—	—	—	17.4	1,902.2	—	—	1.6	1,921.2
Balance at December 31, 2022	608,367,713	6.1	4,670.9	(23.2)	4,364.4	(176,431,298)	(2,829.7)	18.5	6,207.0

ON SEMICONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY cont'd (in millions, except share data)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated (Deficit) Earnings	Treasury Stock		Non- Controlling Interest	Total Equity
	Number of shares	At Par Value				Number of shares	At Cost		
Shares issued pursuant to the ESPP	387,770	—	25.7	—	—	—	—	—	25.7
RSUs released and stock grant awards issued	2,433,671	—	—	—	—	—	—	—	—
Warrants and bond hedges, net - 0.50% Notes	—	—	(171.5)	—	—	—	—	—	(171.5)
Tax impact of warrants and bond hedges, net	—	—	92.3	—	—	—	—	—	92.3
Partial settlement - 0% Notes	794	—	—	—	—	—	—	—	—
Partial settlement of bond hedges - 0% Notes	—	—	0.1	—	—	(785)	(0.1)	—	—
Partial settlement of Warrants - 0% Notes	179	—	—	—	—	—	—	—	—
Partial settlement - 1.625% Notes	5,091,710	0.1	(0.1)	—	—	—	—	—	—
Partial settlement of bond hedges - 1.625% Notes	—	—	472.4	—	—	(5,091,752)	(472.4)	—	—
Partial settlement of warrants - 1.625% Notes	159	—	—	—	—	—	—	—	—
Payment of tax withholding for RSUs	—	—	—	—	—	(805,107)	(67.1)	—	(67.1)
Share-based compensation	—	—	121.1	—	—	—	—	—	121.1
Repurchase of common stock	—	—	—	—	—	(7,566,628)	(568.1)	—	(568.1)
Dividend to non-controlling shareholder	—	—	—	—	—	—	—	(2.4)	(2.4)
Comprehensive income (loss)	—	—	—	(22.0)	2,183.7	—	—	1.9	2,163.6
Balance at December 31, 2023	616,281,996	\$ 6.2	\$ 5,210.9	\$ (45.2)	\$ 6,548.1	(189,895,570)	\$ (3,937.4)	\$ 18.0	\$ 7,800.6

See accompanying notes to consolidated financial statements

ON SEMICONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income	\$ 2,185.6	\$ 1,903.8	\$ 1,011.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	609.5	551.8	596.7
(Gain) loss on sale or disposal of fixed assets	11.6	(32.6)	—
(Gain) loss on divestiture of businesses	0.7	(67.0)	(10.2)
Loss on debt refinancing and prepayment	13.3	7.1	29.0
Amortization of debt discount and issuance costs	11.3	11.0	10.7
Share-based compensation	121.1	100.8	101.3
Non-cash interest on convertible notes	—	—	24.7
Non-cash asset impairment charges	19.5	18.6	10.8
Goodwill and Intangible asset impairment charges	—	386.8	—
Change in deferred tax balances	(127.7)	3.1	62.4
Other	(4.7)	0.1	4.3
Changes in assets and liabilities (exclusive of acquisitions and divestitures):			
Receivables	(112.8)	(47.8)	(136.3)
Inventories	(495.2)	(235.2)	(122.8)
Other assets	0.7	(110.5)	(22.9)
Accounts payable	(91.7)	38.2	70.7
Accrued expenses and other current liabilities	(178.6)	96.5	123.9
Other long-term liabilities	14.9	8.4	28.5
Net cash provided by operating activities	<u>\$ 1,977.5</u>	<u>\$ 2,633.1</u>	<u>\$ 1,782.0</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment	\$ (1,575.6)	\$ (1,005.0)	\$ (444.6)
Proceeds from sale of property, plant and equipment	4.0	59.1	14.0
Deposits utilized (made) for purchases of property, plant and equipment	36.5	(31.0)	(47.4)
Payments related to acquisition of business, net of cash acquired	(236.3)	(2.4)	(399.4)
Divestiture of business, net of cash transferred and proceeds from escrow	—	263.1	7.0
Purchase of available-for-sale securities	—	(18.0)	(48.9)
Proceeds from sale or maturity of available-for-sale securities	33.5	28.8	4.2
Net cash used in investing activities	<u>\$ (1,737.9)</u>	<u>\$ (705.4)</u>	<u>\$ (915.1)</u>
Cash flows from financing activities:			
Proceeds for the issuance of common stock under the ESPP	\$ 25.8	\$ 22.9	\$ 23.5
Payment of tax withholding for RSUs	(66.8)	(78.1)	(38.9)
Repurchase of common stock	(564.2)	(259.8)	—
Issuance and borrowings under debt agreements	1,845.0	500.0	787.3
Reimbursement of debt issuance and other financing costs	4.5	—	2.7
Payment of debt issuance and other financing costs	(12.4)	—	(3.8)
Repayment of borrowings under debt agreements	(1,723.4)	(530.0)	(1,270.5)
Payment of finance lease obligations	(15.3)	(11.5)	—
Payment for purchase of bond hedges	(414.0)	—	(160.3)
Proceeds from issuance of warrants	242.5	—	93.8
Payments related to prior acquisition	(5.8)	(9.2)	(3.2)
Dividend to non-controlling shareholder	(2.4)	(4.3)	—
Net cash used in financing activities	<u>\$ (686.5)</u>	<u>\$ (370.0)</u>	<u>\$ (569.4)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1.1)	(2.4)	(1.3)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ (448.0)	\$ 1,555.3	\$ 296.2
Cash, cash equivalents and restricted cash, beginning of period (Note 18)	<u>\$ 2,933.0</u>	<u>\$ 1,377.7</u>	<u>\$ 1,081.5</u>
Cash, cash equivalents and restricted cash, end of period (Note 18)	<u>\$ 2,485.0</u>	<u>\$ 2,933.0</u>	<u>\$ 1,377.7</u>

See accompanying notes to consolidated financial statements

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Background and Basis of Presentation

ON Semiconductor Corporation, with its wholly and majority-owned subsidiaries ("onsemi" or the "Company") operate under the onsemi™ brand, and prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). As of December 31, 2023, the Company was organized into three operating segments, which also represent its three reportable segments: PSG, ASG, and ISG. Unless otherwise noted, all dollar amounts are in millions, except per share amounts.

Note 2: Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, revenue and expenses of all wholly-owned and majority-owned subsidiaries over which the Company exercises control and, when applicable, entities in which the Company has a controlling financial interest or is the primary beneficiary. Investments in affiliates where the Company does not exert a controlling financial interest are not consolidated. All intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management evaluates these estimates and judgments on an ongoing basis and bases its estimates on experience, current and expected future conditions, third-party evaluations and various other assumptions that management believes are reasonable under the circumstances. Significant estimates have been used by management in conjunction with the following: (i) calculation of future payouts for customer incentives and amounts subject to allowances and returns; (ii) valuation and obsolescence relating to inventories; (iii) measurement of valuation allowances against deferred tax assets, and evaluations of uncertain tax positions; (iv) assumptions used in business combinations; and (v) testing for impairment of long-lived assets and goodwill. Actual results may differ from the estimates and assumptions used in the consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments with original maturities at the time of purchase of three months or less. The Company maintains amounts on deposit at various financial institutions, which may at times exceed federally insured limits. However, management periodically evaluates the credit-worthiness of those institutions and has not experienced any losses on such deposits.

Inventories

Inventories are stated at the lower of standard cost (which approximates actual cost on a first-in, first-out basis) or net realizable value. General market conditions, as well as the Company's design activities, can cause certain of its products to become obsolete. The Company writes down excess and obsolete inventories based upon a regular analysis of inventory on hand compared to historical and projected end-user demand. The determination of projected end-user demand requires the use of estimates and assumptions related to projected unit sales for each product. These write downs can influence results from operations. For example, when demand for a given part falls, all or a portion of the related inventory that is considered to be in excess of anticipated demand is written down, impacting cost of revenue and gross profit. However, the majority of product inventory that has been previously written down is ultimately discarded. Although the Company does sell some products that have previously been written down, such sales have historically been consistently insignificant and the related impact on the Company's gross profit has also been insignificant.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and are depreciated over estimated useful lives of 30 years for buildings and 3-20 years for computers, machinery and equipment using straight-line methods. Expenditures for maintenance and repairs are charged to operations in the period in which the expense is incurred. When assets are retired or otherwise disposed of, the

related costs and accumulated depreciation are removed from the balance sheet and any resulting gain or loss is reflected in operations in the period realized.

The Company evaluates the recoverability of the carrying amount of its property, plant and equipment whenever events or changes in circumstances indicate that the carrying value of an asset group may not be fully recoverable. A potential impairment charge is evaluated when the undiscounted expected cash flows derived from an asset group are less than its carrying amount. Impairment losses, if applicable, are measured as the amount by which the carrying value of an asset group exceeds its fair value. Judgment is used when applying these impairment rules to determine the timing of the impairment test, the undiscounted cash flows used to assess impairments and the fair value of the asset group.

Business Combination Purchase Price Allocation

The allocation of the purchase price of business combinations is based on management estimates and assumptions, which utilize established valuation techniques appropriate for the technology industry. These techniques include the income approach, cost approach or market approach, depending upon which approach is the most appropriate based on the nature and reliability of available data. Management records the acquired assets and liabilities at fair value. If the income approach is used, the fair value determination is predicated upon the value of the future cash flows that an asset is expected to generate over its economic life. The cost approach takes into account the cost to replace (or reproduce) the asset and the effects on the asset's value of physical, functional and/or economic obsolescence that has occurred with respect to the asset. The market approach is used to estimate value from an analysis of actual market transactions or offerings for economically comparable assets available as of the valuation date. Determining the fair value of acquired technology assets is judgmental in nature and requires the use of significant estimates and assumptions, including the discount rate, revenue growth rates, projected gross margins, and estimated research and development and other operating expenses.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in a business combination. The Company evaluates its goodwill for impairment annually during the fourth quarter and whenever events or changes in circumstances indicate the carrying value of a reporting unit may not be recoverable. The Company's divisions are one level below the operating segments, constituting individual businesses, at which level the Company's segment management conducts regular reviews of the operating results. The Company's divisions, either individually or in a combination, constitute reporting units for purposes of allocating and testing goodwill.

The Company's impairment evaluation consists of a qualitative assessment. If this assessment indicates that it is more likely than not the estimated fair value of a reporting unit exceeds its carrying value, goodwill is not considered impaired. Otherwise, a quantitative impairment test is performed by comparing the fair value of a reporting unit to its carrying value, including goodwill. The Company can bypass the qualitative assessment for any period and proceed directly to the quantitative impairment test. If the carrying value of the net assets associated with the reporting unit exceeds the fair value of the reporting unit, goodwill is considered impaired and will be determined as the amount by which the reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

Determining the fair value of the Company's reporting units is subjective in nature and involves the use of significant estimates and assumptions, including projected net cash flows, discount rates and long-term growth rates. The Company determines the fair value of its reporting units based on an income approach derived from the present value of estimated future cash flows. The assumptions about estimated cash flows include factors such as future revenue, gross profit, operating expenses and industry trends. The Company considers historical rates and current market conditions when determining the discount and long-term growth rates to use in its analysis. The Company considers other valuation methods, such as the cost approach or market approach, if it is determined that these methods provide a more representative approximation of fair value.

Intangible Assets

The Company's acquisitions have resulted in intangible assets consisting of values assigned to customer relationships, patents, developed technology, licenses, and trademarks, which are considered long-lived assets and are stated at cost less accumulated amortization. These intangible assets are amortized over their estimated useful lives and are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset group containing these assets may not be recoverable.

Leases

The Company determines if an arrangement is a lease at its inception. Operating and financing lease arrangements are comprised primarily of real estate and equipment agreements. Operating right-of-use ("ROU") assets are included in other assets and the corresponding lease liabilities, depending on their maturity, are included in Accrued expenses and other current liabilities or other long-term liabilities.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The lease term includes options to extend the lease when it is reasonably certain that the option will be exercised. Leases with a term of 12 months or less are not recorded on the Consolidated Balance Sheet.

The Company uses its estimated incremental borrowing rate in determining the present value of lease payments considering the term of the lease, which is derived from information available at the lease commencement date, giving consideration to publicly available data for instruments with similar characteristics. The Company accounts for the lease and non-lease components as a single lease component.

Debt Issuance Costs

Debt issuance costs for the Company's revolving credit facilities are capitalized and amortized over the term of the facility on a straight-line basis. Amortization is included in interest expense while the unamortized balance is included in other assets.

Debt issuance costs for the Company's convertible notes, senior notes and term debt are recorded as a direct deduction from the carrying amounts of such debt, consistent with debt discounts, and are amortized over their term using the effective interest method. Amortization is included in interest expense.

Government Incentives

The Company receives government incentives for various reasons including capital expenditures, operating expenses, or to develop specific technologies, which may require the Company to meet or maintain certain metrics, and may be subject to reduction, termination, or recapture if such conditions are not met or maintained. Incentives related to the acquisition or construction of property, plant and equipment are recognized as a reduction in the cost-basis of the underlying assets with a reduction to depreciation expense based on the useful lives of the related assets. Incentives related to specific operating activities are offset against the related expense in the period the expense is incurred. Government incentives received prior to being earned are recognized in current or non-current liabilities or restricted cash, whereas incentives earned prior to being received are recognized in current or non-current receivables. Cash incentives related to operating expenses along with incentives that can offset taxes payable are included in operating activities, while cash received related to the acquisition of property, plant, and equipment are included in investing activities in the Consolidated Statements of Cash Flows.

Contingencies

The Company is involved in a variety of legal matters, IP matters, environmental, financing and indemnification contingencies that arise in the ordinary course of business. Based on the information available, management evaluates the relevant range and likelihood of potential outcomes and records the appropriate liability when the amount is deemed probable and reasonably estimable.

Treasury Stock

Treasury stock is recorded at cost, inclusive of fees, commissions and other expenses, when outstanding common shares are repurchased, bond hedges issued in connection with the convertible notes are settled and when outstanding shares are withheld to satisfy tax withholding obligations in connection with certain shares pursuant to RSUs under the Company's share-based compensation plans. Re-issuance of shares held in treasury stock is accounted for on a first-in, first-out basis.

Revenue Recognition

The Company generates revenue from sales of its semiconductor products to direct customers and distributors. The Company also generates revenue, to a much lesser extent, from product development agreements and manufacturing services provided to customers. The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (i)

identifying the contract with a customer; (ii) identifying the performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations in the contract; and (v) recognizing revenue when the performance obligation is satisfied. The Company allocates the transaction price to each distinct product based on its relative stand-alone selling price. In determining the transaction price, the Company evaluates whether the price is subject to refund or adjustment to determine the net consideration to which the Company expects to be entitled.

Revenue is recognized when the Company satisfies a performance obligation in an amount reflecting the consideration to which it expects to be entitled. For sales agreements, the Company has identified the promise to transfer products, each of which is distinct, as the performance obligation. The Company recognizes revenue from sales agreements upon transferring control of a product to the customer, which typically occurs when products are shipped or delivered, depending on the delivery terms, or when products that are consigned at customer locations are consumed. Revenue is also recognized over time for products with no alternative use and an enforceable right to payment as they are manufactured, which represents a contract asset. The Company can receive cash payments from customers in advance of the performance obligation being satisfied, which represents a contract liability. Contract liabilities are recognized as revenue when the performance obligations are satisfied.

Frequently, the Company receives orders with multiple delivery dates that may extend across reporting periods. Each delivery constitutes an individual performance obligation, which consists of transferring control of the products to the customers based on their stand-alone selling price. The Company invoices the customer for each delivery upon shipment and recognizes revenue in accordance with delivery terms. As scheduled delivery dates are within one year, revenue allocated to future shipments of partially completed contracts are not disclosed.

For product development agreements, the Company has identified the completion of a service defined in the agreement as the performance obligation. The Company recognizes revenue from product development agreements over time based on the cost-to-cost method. The Company recognizes revenue from manufacturing services when it satisfies the performance obligation by transferring the promised goods or services to the customer. Depending on the terms of the applicable contractual agreement with the customer, revenue is recognized at the point in time when the customer obtains control of the promised goods or service, or over time when the created asset has no alternate use to the Company and there is an enforceable right to payment for the performance to date.

Sales agreements with customers are renewable periodically and contain terms and conditions with respect to payment, delivery, warranty and supply. In the absence of a sales agreement, the Company's standard terms and conditions apply. The Company considers the customer purchase orders, governed by sales agreements or the Company's standard terms and conditions, to be the contract with the customer. The Company evaluates certain factors including the customer's ability to pay (or credit risk). The Company's direct customers do not have the right to return products, other than pursuant to the provisions of the Company's standard warranty. Sales to distributors, however, are typically made pursuant to agreements that provide return rights and stock rotation provisions permitting limited levels of product returns. Sales to certain distributors, primarily those with ship and credit rights, can also be subject to price adjustment on certain products. Although payment terms vary, most distributor agreements require payment within 30 days. In addition, the Company offers cash discounts to certain customers for payments received within an agreed upon time, generally ten days after shipment, which is recorded as a reduction to revenue.

Sales returns and allowances, which include ship and credit reserves for distributors, are estimated based on historical claims data and expected future claims. Provisions for discounts and rebates to customers, estimated returns and allowances, ship and credit claims and other adjustments are provided for in the same period the related revenue are recognized, and are netted against revenue. The Company records freight and handling costs associated with outbound freight after control over a product has transferred to a customer as a fulfillment cost and includes it in cost of revenue. Taxes assessed by government authorities on revenue-producing transactions, including value-added and excise taxes, are presented on a net basis (excluded from revenue). The Company generally warrants that products sold to its customers will, at the time of shipment, be free from defects in workmanship and materials and conform to specifications. The Company's standard warranty extends for a period of two years from the date of delivery, except in the case of image sensor products, which are warranted for one year from the date of delivery. At the time revenue is recognized, the Company establishes an accrual for estimated warranty expenses associated with its sales and records them as a component of the cost of revenue.

Research and Development Costs

Research and development costs are expensed as incurred.

Income Taxes

Income taxes are accounted for using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for those deferred tax assets for which management cannot conclude that it is more likely than not that such deferred tax assets will be realized.

In determining the amount of the valuation allowance, estimated future taxable income, feasible tax planning strategies, future reversals of existing temporary differences and taxable income in prior carryback years, if a carryback is permitted, are considered. If the Company determines it is more likely than not that all or a portion of the remaining deferred tax assets will not be realized, the valuation allowance will be increased with a charge to income tax expense. Conversely, if the Company determines it is more likely than not to be able to utilize all or a portion of the deferred tax assets for which a valuation allowance has been provided, the related portion of the valuation allowance will be recorded as a reduction to income tax expense.

The Company recognizes and measures benefits for uncertain tax positions using a two-step approach. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that the tax positions will be sustained upon audit, including resolution of any related appeals or litigation processes. For tax positions that are more likely than not to be sustained upon audit, the second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon settlement. No tax benefit is recognized for tax positions that are not more likely than not to be sustained. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. Significant judgment is required to evaluate uncertain tax positions. Evaluations are based upon a number of factors, including changes in facts or circumstances, changes in tax law, correspondence with tax authorities during the course of tax audits and effective settlement of audit issues. Changes in the recognition or measurement of uncertain tax positions could result in significant increases or decreases in income tax expense in the period in which the change is made, which could have a significant impact to the Company's effective tax rate.

Foreign Currencies

Most of the Company's foreign subsidiaries conduct business primarily in U.S. dollars and, as a result, utilize the U.S. dollar as their functional currency. For the remeasurement of financial statements of these subsidiaries, assets and liabilities in foreign currencies that are receivable or payable in cash are remeasured at current exchange rates, while inventories and other non-monetary assets in foreign currencies are remeasured at historical rates. Gains and losses resulting from the remeasurement of such financial statements are included in the operating results, as are gains and losses incurred on foreign currency transactions.

Some of the Company's Japanese subsidiaries utilize Japanese Yen as their functional currency. The assets and liabilities of these subsidiaries are translated at current exchange rates, while revenue and expenses are translated at the average rates in effect for the period. The related translation gains and losses are included in other comprehensive income or loss within the Consolidated Statements of Operations and Comprehensive Income.

Defined Benefit Pension Plans

The Company maintains defined benefit pension plans covering certain of its foreign employees. Net periodic pension costs and pension obligations are determined based on actuarial assumptions, including discount rates for plan obligations, assumed rates of return on pension plan assets and assumed rates of compensation increases for employees participating in plans. These assumptions are based upon management's judgment and consultation with actuaries, considering all known trends and uncertainties. The service cost component of the net periodic pension cost is allocated between the cost of revenue, research and development, selling and marketing and general and administrative line items, while the other components are included in other expense in the Consolidated Statements of Operations and Comprehensive Income.

Fair Value Measurement

The Company measures certain of its financial and non-financial assets at fair value by using the fair value hierarchy that prioritizes certain inputs into individual fair value measurement approaches. The fair value hierarchy, which is based on three levels of inputs, of which the first two are considered observable and the third, unobservable. The Company has elected not to carry any of its debt instruments at fair value.

Note 3: Revenue and Segment Information

Revenue recognized for product sales amounted to \$7,988.4 million, \$8,166.2 million and \$6,578.1 million for the years ended December 31, 2023, 2022 and 2021, respectively. Revenue recognized for manufacturing services amounted to \$248.1 million, \$139.9 million and \$141.8 million for the years ended December 31, 2023, 2022 and 2021, respectively. Revenue recognized for product development agreements amounted to \$16.5 million, \$20.1 million and \$19.9 million for the years ended December 31, 2023, 2022 and 2021, respectively.

A significant portion of the Company's orders are firm commitments that are non-cancellable, including certain orders or contracts with a duration of less than one year. Certain of the Company's customer contracts are multi-year agreements that include firmly committed amounts ("Long-term Supply Agreements" or "LTSA's") for which the remaining performance obligations as of December 31, 2023 were approximately \$16.5 billion (excluding the remaining performance obligations for contracts having a duration of one year or less). The Company expects to recognize approximately 29% of this amount as revenue during the next twelve months upon shipment of products under these contracts. Total revenue estimates are based on negotiated contract prices and demand quantities, and could be influenced by risks and uncertainties, including manufacturing or supply chain constraints, modifications to customer agreements, and regulatory changes, among other factors. Accordingly, the actual revenue recognized for the remaining performance obligation in future periods may significantly fluctuate from these estimates.

A portion of our LTSA's include non-cancellable capacity payments which secure production availability for our customers' orders or represent deposits, which prepay a portion of a given customer's product obligation. During the years ended December 31, 2023 and 2022, the Company recognized capacity payments of \$206.3 million and \$162.9 million, respectively, which were recorded within contract liabilities. As of December 31, 2023 and 2022, \$23.8 million and \$8.4 million, respectively, of the capacity payments were recorded in accounts receivable. Capacity payments totaled \$304.2 million and \$190.4 million as of December 31, 2023 and 2022, respectively, of which \$87.6 million and \$60.5 million, respectively, were recorded as current liabilities and \$216.6 million and \$129.9 million, respectively, were recorded as other long-term liabilities. Contract assets were \$95.1 million and \$2.3 million as of December 31, 2023 and 2022, respectively, of which \$83.1 million and \$2.3 million, respectively, were recorded as other current assets and \$12.0 million and \$0.0 million, respectively, were recorded as other assets. During the years ended December 31, 2023 and 2022, \$88.2 million and \$23.8 million, respectively, was recognized as revenue for satisfying the associated performance obligations.

As of December 31, 2023, the Company was organized into three operating and reportable segments consisting of PSG, ASG and ISG. The operating costs of manufacturing facilities which service all business units are reflected in each segment's cost of revenue on the basis of product costs. Because operating segments are generally defined by the products they design and sell, they do not sell to each other. The Company does not allocate income taxes or interest expense to its operating segments as the operating segments are principally evaluated on gross profit. Additionally, restructuring, asset impairments and other charges, net and certain other operating expenses, which include corporate research and development costs and miscellaneous nonrecurring expenses are not allocated to segments. In addition to the operating and reportable segments, the Company also operates global operations, sales and marketing, information systems and finance and administration groups. A portion of the expenses for each of these groups are allocated to the segments based on specific and general criteria.

Revenue and gross profit for the Company's operating and reportable segments are as follows (in millions):

	PSG	ASG	ISG	Total
For year ended December 31, 2023:				
Revenue from external customers	\$ 4,449.0	\$ 2,488.5	\$ 1,315.5	\$ 8,253.0
Segment gross profit	2,111.3	1,131.9	640.3	3,883.5
For year ended December 31, 2022:				
Revenue from external customers	\$ 4,208.2	\$ 2,841.3	\$ 1,276.7	\$ 8,326.2
Segment gross profit	1,994.3	1,474.5	608.4	4,077.2
For year ended December 31, 2021:				
Revenue from external customers	\$ 3,439.1	\$ 2,399.9	\$ 900.8	\$ 6,739.8
Segment gross profit	1,318.3	1,055.6	340.4	2,714.3

There were no customers whose revenue exceeded 10% or more of the Company's total revenue for the year ended December 31, 2023. The Company had one customer, a distributor, whose revenue accounted for approximately 12% and 13%

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of the total revenue for the years ended December 31, 2022 and 2021, respectively.

Revenue for the Company's operating and reportable segments disaggregated into geographic locations based on sales billed from the respective country and sales channels are as follows (in millions):

	Year Ended December 31, 2023			
	PSG	ASG	ISG	Total
Geographic Location				
Hong Kong	\$ 1,334.8	\$ 581.1	\$ 252.7	\$ 2,168.6
Singapore	1,202.3	533.2	203.3	1,938.8
United Kingdom	904.0	513.5	335.9	1,753.4
United States	712.4	534.0	327.3	1,573.7
Other	295.5	326.7	196.3	818.5
Total	\$ 4,449.0	\$ 2,488.5	\$ 1,315.5	\$ 8,253.0

Sales Channel				
Distributors	\$ 2,643.0	\$ 1,089.8	\$ 576.3	\$ 4,309.1
Direct Customers	1,806.0	1,398.7	739.2	3,943.9
Total	\$ 4,449.0	\$ 2,488.5	\$ 1,315.5	\$ 8,253.0

	Year Ended December 31, 2022			
	PSG	ASG	ISG	Total
Geographic Location				
Hong Kong	\$ 1,314.9	\$ 742.7	\$ 258.2	\$ 2,315.8
Singapore	1,114.9	819.0	200.0	2,133.9
United Kingdom	762.0	454.8	275.5	1,492.3
United States	708.0	421.3	335.4	1,464.7
Other	308.4	403.5	207.6	919.5
Total	\$ 4,208.2	\$ 2,841.3	\$ 1,276.7	\$ 8,326.2

Sales Channel				
Distributors	\$ 2,702.6	\$ 1,413.3	\$ 691.4	\$ 4,807.3
Direct Customers	1,505.6	1,428.0	585.3	3,518.9
Total	\$ 4,208.2	\$ 2,841.3	\$ 1,276.7	\$ 8,326.2

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	Year Ended December 31, 2021			
	PSG	ASG	ISG	Total
Geographic Location				
Singapore	\$ 1,097.7	\$ 860.4	\$ 139.7	\$ 2,097.8
Hong Kong	1,055.6	572.4	200.6	1,828.6
United Kingdom	606.4	343.7	173.5	1,123.6
United States	432.0	304.7	194.9	931.6
Other	247.4	318.7	192.1	758.2
Total	\$ 3,439.1	\$ 2,399.9	\$ 900.8	\$ 6,739.8
Sales Channel				
Distributors	\$ 2,443.0	\$ 1,335.5	\$ 553.5	\$ 4,332.0
Direct Customers	996.1	1,064.4	347.3	2,407.8
Total	\$ 3,439.1	\$ 2,399.9	\$ 900.8	\$ 6,739.8

The Company operates in various geographic locations. Sales to external customers have little correlation to where products are manufactured or the location of the end-customers. The Company believes it is, therefore, not meaningful to present operating profit by geographical location.

The Company's revenue disaggregated into end-markets and product technologies is as follows (in millions):

	Year-Ended December 31,		
	2023	2022	2021
End-Markets			
Automotive	\$ 4,319.9	\$ 3,360.8	\$ 2,288.9
Industrial	2,278.4	2,290.5	1,802.3
Other*	1,654.7	2,674.9	2,648.6
Total	\$ 8,253.0	\$ 8,326.2	\$ 6,739.8
* Other includes the end-markets of computing, consumer, networking, communications, etc.			
Product Technologies			
Intelligent Power	\$ 4,214.8	\$ 3,997.3	\$ 3,073.6
Intelligent Sensing	1,606.8	1,573.7	1,114.1
Other	2,431.4	2,755.2	2,552.1
Total	\$ 8,253.0	\$ 8,326.2	\$ 6,739.8

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The Company does not discretely allocate assets to its operating segments, nor does management evaluate operating segments using discrete asset information. The Company's consolidated assets used in manufacturing are generally shared across and are not specifically ascribed to operating and reportable segments. In situations where the carrying amounts assigned to an asset group needs to be evaluated for recoverability, judgment is used to determine the carrying amounts of the asset group based on the facts and circumstances.

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

	As of December 31,	
	2023	2022
United States	\$ 1,456.5	\$ 1,329.2
South Korea	1,360.8	871.0
Philippines	252.9	296.8
Czech Republic	559.7	279.3
China	252.2	215.3
Malaysia	199.3	190.2
Vietnam	164.3	86.8
Other	155.8	182.1
Total	\$ 4,401.5	\$ 3,450.7

The following table illustrates the product technologies under each of the Company's reportable segments based on the Company's operating strategy. Because many products are sold into different end-markets, the total revenue reported for a segment is not indicative of actual sales in the end-market associated with that segment, but rather is the sum of the revenue from the product lines assigned to that segment. These segments represent the Company's view of the business and as such are used to evaluate progress of major initiatives and allocation of resources.

PSG	ASG	ISG
Analog products	Analog products	Actuator Drivers
SiC products	ASIC products	CMOS Image Sensors
Discrete products	ECL products	Image Signal Processors
MOSFET products	Foundry products / services	Single Photon Detectors
Power Module products	Gate Driver products	
Isolation products	LSI products	
Memory products	Standard Logic products	
Gate Driver products		
Standard Logic products		

Note 4: Recent Accounting Pronouncements and Other Developments

Pending Adoption

Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07")

In November 2023, the FASB issued ASU 2023-07 to enhance disclosures about significant segment expenses. The amendments in this ASU require a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. The amendments in this ASU also clarify circumstances in which an entity can disclose multiple segment measures of profit or loss and provide new segment disclosure requirements for entities with a single reportable segment. For public business entities, the provisions of ASU 2023-07 are effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance will be applied retrospectively to all periods presented in the financial statements. ASU 2023-07 will be applicable for the Company's financial statements for the year ended December 31, 2024. Management is currently evaluating and understanding the requirements under this new standard.

Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09")

In December 2023, the FASB issued ASU 2023-09 to enhance disclosures about income taxes. The amendments in this ASU require a public entity to disclose in tabular format, using both percentages and reporting currency amounts, specific categories in the rate reconciliation and to provide additional information for reconciling items that meet a quantitative threshold. The amendments in this ASU also require taxes paid (net of refunds received) to be disaggregated by federal, state, and foreign taxes and further disaggregated for specific jurisdictions to the extent the related amounts exceed a quantitative threshold. For public business entities, the provisions of ASU 2023-09 are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. Management is currently evaluating the requirements under this new standard.

Note 5: Acquisitions and Divestitures

The Company pursues acquisitions and divestitures from time to time to leverage its existing capabilities and further expand its business to achieve certain strategic goals. Acquisition costs are not included as components of consideration transferred and instead are accounted for as expenses in the period in which the costs are incurred. During the year ended December 31, 2023, the Company incurred insignificant costs related to acquisitions and divestitures. During the years ended December 31, 2022 and 2021, the Company incurred acquisition and divestiture related costs of approximately of \$12.9 million and \$11.9 million, respectively, which are included in operating expenses in the Consolidated Statements of Operations and Comprehensive Income.

2022 Acquisition and Divestitures

EFK Acquisition

On December 31, 2022, the Company completed the acquisition of the East Fishkill, New York site and fabrication ("EFK") facility and certain other assets and liabilities from GLOBALFOUNDRIES U.S. Inc. ("GFUS"), previously announced in April 2019, for total consideration of \$406.3 million, which was accounted for as a business combination. The Company paid GFUS \$100.0 million and \$70.0 million during 2020 and 2019, respectively, and the remaining consideration of \$236.3 million was paid on January 3, 2023. Separately, the Company paid GFUS a one-time license fee of \$30.0 million in cash for certain technology during 2019, which has been recognized as an intangible asset subject to amortization.

The Company also entered into an ancillary agreement, as amended, relating to the provision of foundry services entered into in connection with the execution of the acquisition agreement, which provided the Company certain additional tools and flexibility in its capital expenditures and manufacturing plans for 2021 and 2022.

During the year ended December 31, 2023, the Company finalized its determination relating to the fair value of assets acquired and liabilities assumed from the EFK acquisition, which was completed on December 31, 2022. The final allocation of the purchase price of EFK to the assets acquired and liabilities assumed based on their relative fair values, which is materially consistent with the preliminary allocation is as follows (in millions):

	Purchase Price Allocation
Inventory	\$ 3.3
Other current assets	4.4
Property, plant and equipment	396.5
Other non-current assets	11.4
Total assets acquired	415.6
Current liabilities	3.0
Other long-term liabilities	6.3
Total liabilities assumed	9.3
Net assets acquired/purchase price	\$ 406.3

Unaudited pro-forma consolidated results of operations are not included considering the significance of the acquisition to the results of the Company.

Divestitures

During 2022, the Company divested four wafer manufacturing facilities to various parties:

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- The Oudenaarde, Belgium manufacturing facility was divested to BelGaN Group BV for an aggregate consideration of approximately \$19.9 million;
- The South Portland, Maine, manufacturing facility was divested to Diodes Incorporated for an aggregate consideration of approximately \$80.0 million;
- The Pocatello, Idaho manufacturing facility was divested to LA Semiconductor for an aggregate consideration of approximately \$80.0 million; and
- The Niigata, Japan manufacturing facility was divested to JS Foundry K.K., a Japan-based foundry company, for aggregate consideration of approximately \$90.3 million.

These divestiture transactions resulted in a net gain on divestiture of \$67.0 million in 2022.

2021 Acquisition and Divestiture

GT Advanced Technologies, Inc. ("GTAT") Acquisition

On October 28, 2021, the Company acquired all of outstanding equity interests of GTAT. The Company believes the acquisition of GTAT will act as a building block to fuel growth and accelerate innovation in disruptive intelligent power technologies and secure supply of SiC to meet growing customer demand for SiC-based solutions in the sustainable ecosystem.

Pursuant to the terms and subject to the conditions set forth in the Agreement and Plan of Merger, the purchase price totaled \$434.9 million. Cash consideration amounted to \$424.6 million, of which \$17.0 million was deposited for general representation and warranty purposes in an escrow account, legally owned by the Company. All 17.0 million was released to the seller in accordance with the escrow agreements during the years ended December 31, 2023 and 2022. The remaining consideration of approximately \$10.0 million represented the value of certain pre-acquisition deposits and payable balances effectively settled between the parties since the Company was GTAT's customer. From the closing date of the acquisition through December 31, 2021, the Company recognized immaterial revenue and net loss relating to GTAT.

The allocation of the purchase price of GTAT to the assets acquired and liabilities assumed based on their relative fair values is as follows (in millions):

	Purchase Price Allocation
Cash and cash equivalents	\$ 8.2
Inventory and other current assets	10.0
Property, plant and equipment	31.9
Goodwill	274.8
Intangible assets - Developed Technology	130.0
Deferred tax assets	13.4
Other non-current assets	7.4
Total assets acquired	475.7
Current liabilities	5.8
Other long-term liabilities	35.0
Total liabilities assumed	40.8
Net assets acquired/purchase price	\$ 434.9

Developed technology of \$130.0 million, determined using the income approach is estimated to have a useful life of 13 years. There were no IPRD intangible assets identified. The acquisition produced \$274.8 million of goodwill, which has been assigned to a reporting unit within PSG. Goodwill is attributable to the expected value generation by GTAT by being part of the Company along with a more meaningful engagement by the customers due to the scale of the combined entities, GTAT's assembled workforce and other product and operating synergies. Goodwill arising from the GTAT acquisition is not deductible for tax purposes.

GTAT Pro-Forma Results of Operations

Unaudited pro-forma consolidated results of operations for the years ended December 31, 2023 and 2022 is not required because the results of the acquired business are included in the Company's results. The following unaudited pro-forma

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consolidated results of operations for the year ended December 31, 2021 has been prepared as if the acquisition of GTAT had occurred on January 1, 2021 and includes adjustments for the effect of fair value changes, transaction costs, taxation and financial structure (in millions):

	Year Ended December 31, 2021
Revenue	\$ 6,750.4
Net income	972.4
Net income attributable to ON Semiconductor Corporation	970.8

Divestiture

On October 1, 2021, the Company divested itself of one of its businesses along with the related intellectual property for aggregate consideration of approximately \$13.6 million and recognized a gain of \$10.2 million after offsetting the carrying values of the disposed assets and liabilities.

Note 6: Goodwill and Intangible Assets

Goodwill

Goodwill is tested for impairment annually on the first day of the fourth quarter or more frequently if events or changes in circumstances (each, a "triggering event") would more-likely-than-not reduce the fair value of a reporting unit below its carrying value.

During 2022, the Company recorded \$330.0 million of goodwill impairment charges and \$56.8 million of intangible impairment charges relating to the approved exit plan to wind down QCS. The division was generally associated with the Company's legacy Quantenna division, representing less than 2.0% and 3.0% of the consolidated revenue for 2022 and 2021, respectively.

Of the \$330.0 million of goodwill impairment charges, \$115.0 million was recorded during the second fiscal quarter ended July 1, 2022, when the Company determined that a market approach was the most appropriate method to evaluate the recoverability of the carrying value of the net assets of the reporting unit, as the Company was attempting to sell this reporting unit to an interested party. For the remainder of the impairment charge recorded during the third fiscal quarter ended September 30, 2022, the Company determined that the discounted cash flow method under the income approach was the most appropriate to estimate the fair value of the reporting unit to evaluate the recoverability of the carrying value of the reporting unit's net assets. QCS, which has since been wound down, had no remaining goodwill or intangible balances.

The following table summarizes goodwill by operating and reportable segments (in millions):

	As of December 31, 2023			As of December 31, 2022			As of December 31, 2021		
	Goodwill	Accumulated Impairment Losses	Carrying Value	Goodwill	Accumulated Impairment Losses	Carrying Value	Goodwill	Accumulated Impairment Losses	Carrying Value
<i>Operating and Reportable Segments:</i>									
ASG	\$ 1,536.4	\$ (748.9)	\$ 787.5	\$ 1,536.4	\$ (748.9)	\$ 787.5	\$ 1,566.3	\$ (418.9)	\$ 1,147.4
ISG	114.0	—	114.0	114.0	—	114.0	114.0	—	114.0
PSG	708.0	(31.9)	676.1	708.0	(31.9)	676.1	708.0	(31.9)	676.1
Total	\$ 2,358.4	\$ (780.8)	\$ 1,577.6	\$ 2,358.4	\$ (780.8)	\$ 1,577.6	\$ 2,388.3	\$ (450.8)	\$ 1,937.5

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The following table summarizes the change in goodwill (in millions):

Net balance as of December 31, 2021	\$	1,937.5
Goodwill impairment		(330.0)
Business divestitures - Goodwill disposed		(29.9)
Net balance as of December 31, 2022	\$	<u>1,577.6</u>

There was no change in the balance of goodwill during the year ended December 31, 2023.

Intangible Assets

Intangible assets subject to amortization, net, were as follows (in millions):

	As of December 31, 2023			
	Original Cost	Accumulated Amortization	Accumulated Impairment Losses	Carrying Value
Customer relationships	\$ 581.5	\$ (473.3)	\$ (36.3)	\$ 71.9
Developed technology	939.6	(696.4)	(40.7)	202.5
Licenses	30.0	(5.1)	—	24.9
Other intangibles	79.1	(63.9)	(15.2)	—
Total intangible assets	<u>\$ 1,630.2</u>	<u>\$ (1,238.7)</u>	<u>\$ (92.2)</u>	<u>\$ 299.3</u>

	As of December 31, 2022			
	Original Cost	Accumulated Amortization	Accumulated Impairment Losses	Carrying Value
Customer relationships	\$ 581.5	\$ (460.1)	\$ (36.3)	\$ 85.1
Developed technology	939.6	(656.7)	(40.7)	242.2
Licenses	30.0	(1.7)	—	28.3
Other intangibles	82.7	(63.4)	(15.2)	4.1
Total intangible assets	<u>\$ 1,633.8</u>	<u>\$ (1,181.9)</u>	<u>\$ (92.2)</u>	<u>\$ 359.7</u>

Amortization of acquisition-related intangible assets amounted to \$56.8 million, \$82.8 million and \$99.0 million for the years ended December 31, 2023, 2022 and 2021, respectively. During the year ended December 31, 2022, the remaining IPRD projects were completed resulting in the reclassification of \$11.6 million to developed technology.

Amortization expense for the intangible assets is expected to be as follows over the next five years, and thereafter (in millions):

2024	\$	58.1
2025		47.9
2026		41.6
2027		34.6
2028		27.5
Thereafter		89.6
Total estimated amortization expense	\$	<u>299.3</u>

Note 7: Restructuring, Asset Impairments and Other Charges, net

Details of restructuring, asset impairments and other charges, net are as follows (in millions):

	<u>Restructuring</u>	<u>Asset Impairments</u>	<u>Other</u>	<u>Total</u>
Year Ended December 31, 2023				
Business Realignment	59.1	9.3 ⁽¹⁾	2.8	71.2
Other	(0.6)	10.2 ⁽²⁾	(5.9) ⁽³⁾	3.7
Total	<u>\$ 58.5</u>	<u>\$ 19.5</u>	<u>\$ (3.1)</u>	<u>\$ 74.9</u>
Year Ended December 31, 2022				
QCS wind down	12.6	18.6	18.9 ⁽⁴⁾	50.1
Other	(1.4)	4.0	(34.8) ⁽⁵⁾	(32.2)
Total	<u>\$ 11.2</u>	<u>\$ 22.6</u>	<u>\$ (15.9)</u>	<u>\$ 17.9</u>
Year Ended December 31, 2021				
2021 Involuntary separation program	\$ 65.3	\$ —	\$ —	\$ 65.3
Other	\$ 2.2	\$ 3.3	\$ 0.6	\$ 6.1
Total	<u>\$ 67.5</u>	<u>\$ 3.3</u>	<u>\$ 0.6</u>	<u>\$ 71.4</u>

- (1) Primarily relates to property, plant and equipment impairment charges associated with the business realignment efforts.
- (2) Property, plant and equipment and ROU asset impairment charges related to the site consolidation efforts in the U.S.
- (3) Primarily for the reversal of certain contract cancellation charges relating to the QCS wind down.
- (4) Primarily relates to contract cancellation charges of approximately \$15.4 million and legal charges of \$3.5 million.
- (5) Primarily relates to the gain on the sale of two office buildings and the previous corporate headquarters.

Summary of changes in accrued restructuring charges are as follows (in millions):

	Estimated employee separation charges
Balance as of December 31, 2021	\$ 10.8
Charges	11.2
Usage	(17.6)
Balance as of December 31, 2022	\$ 4.4
Charges	58.5
Usage	(45.0)
Balance as of December 31, 2023	<u>\$ 17.9</u>

Year ended December 31, 2023:

Business Realignment

During 2023, the Company announced the elimination of approximately 1,900 jobs in an effort to realign its operating models, drive organizational effectiveness and efficiencies, increase collaboration within its ASG operating segment and IT support organizations, and right-size its workforce to consolidate manufacturing resources into fewer, common sites across the world to align with the next phase of the Company's multi-year "Fab Right" manufacturing strategy. As a result, ASG ceased its design and test operations in certain locations and there were changes in the IT operating model by transferring selected IT functions to strategic service providers. In connection with these actions, severance costs, related benefit expenses and other ancillary charges of \$59.1 million were recorded during the year ended December 31, 2023. An insignificant amount is expected to be recorded during the first quarter of 2024.

Of the aggregate expense, the Company paid \$41.9 million in connection with the approximately 1,600 employees who have exited and \$17.2 million remained accrued as of December 31, 2023. The remaining employees subject to this realignment are expected to be terminated and paid any applicable severance and related benefit payments during the first half of 2024.

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The Company continues to evaluate employee positions and locations for potential operating improvements and efficiencies and may incur additional severance and related charges in the future.

Year ended December 31, 2022:

QCS wind down

On September 16, 2022, the Company's Board of Directors approved an exit plan to wind down QCS as part of its ongoing efforts to focus on growth drivers and key markets, and to streamline its operations. As part of the exit plan, during the third quarter of 2022, the Company notified approximately 330 employees of their employment termination and incurred severance costs and other benefits of approximately \$12.7 million. Approximately 304 employees exited during 2022 and the remaining employees exited during 2023. An insignificant amount remained accrued as of December 31, 2023.

In connection with the exit plan, the Company recorded \$18.9 million of exit costs, which primarily relates to contract cancellation charges and litigation charges. The Company impaired \$8.0 million of Property, Plant and Equipment as well as \$10.6 million of other miscellaneous assets. The Company recorded inventory reserves associated with the QCS wind down of \$24.5 million which was recorded in cost of revenue.

Year ended December 31, 2021:

2021 Involuntary Separation Program

During 2021, the Company implemented the 2021 Involuntary Separation Program restructuring program (the "2021 ISP"). Under the 2021 ISP, the Company notified approximately 960 employees of their employment termination with aggregate severance costs and other charges amounting to \$65.3 million. The Company also incurred certain insignificant charges relating to another program during the fourth quarter of 2021.

Note 8: Balance Sheet Information

Certain significant amounts included in the Company's Consolidated Balance Sheets consist of the following (in millions):

	As of	
	December 31, 2023	December 31, 2022
Inventories:		
Raw materials	\$ 469.3	\$ 236.8
Work in process	1,221.1	951.0
Finished goods	421.4	429.0
	<u>\$ 2,111.8</u>	<u>\$ 1,616.8</u>
Property, plant and equipment, net:		
Land	\$ 117.8	\$ 117.8
Buildings	1,324.2	1,056.2
Machinery, equipment and other	6,489.0	5,431.8
Property, plant and equipment, gross	7,931.0	6,605.8
Less: Accumulated depreciation	(3,529.5)	(3,155.1)
	<u>\$ 4,401.5</u>	<u>\$ 3,450.7</u>
Accrued expenses and other current liabilities:		
Accrued payroll and related benefits	\$ 183.8	\$ 284.8
Amount due to EFK seller	—	236.3
Sales related reserves	108.3	209.9
Income taxes payable	37.4	34.8
Other (1)	333.7	281.5
	<u>\$ 663.2</u>	<u>\$ 1,047.3</u>

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(1) The current portion of operating lease liabilities is included in this amount. See discussion below.

Depreciation expense for property, plant and equipment totaled \$485.3 million, \$398.1 million and \$436.5 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Included within sales related reserves are ship and credit reserves for distributors amounting to \$74.3 million and \$158.6 million as of December 31, 2023 and 2022, respectively.

Leases

Operating and financing lease arrangements are comprised primarily of real estate and equipment agreements. The Company's existing leases do not contain significant restrictive provisions or residual value guarantees; however, certain leases contain renewal options and provisions for payment of real estate taxes, insurance and maintenance costs by the Company.

The components of operating lease expense are as follows (in millions):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Operating lease	\$ 48.0	\$ 47.8	\$ 39.7
Variable lease	5.1	9.8	3.8
Short-term lease	1.7	2.6	2.0
Total lease expense	<u>\$ 54.8</u>	<u>\$ 60.2</u>	<u>\$ 45.5</u>

The operating lease liabilities included in the Consolidated Balance Sheets are as follows (in millions):

	As of	
	December 31, 2023	December 31, 2022
Operating lease liabilities included in:		
Accrued expenses and other current liabilities	\$ 33.0	\$ 35.2
Other long-term liabilities	231.0	246.5
Total	<u>\$ 264.0</u>	<u>\$ 281.7</u>
Operating ROU assets included in:		
Other assets	<u>\$ 247.3</u>	<u>\$ 262.1</u>

As of December 31, 2023, the weighted-average remaining lease-terms and weighted-average discount rates were 11.0 years and 18.0 years, and 4.8% and 6.2%, for operating and financing leases, respectively.

As of December 31, 2023, there was an insignificant amount of commitments for operating leases that have not yet commenced. The reconciliation of the maturities of the operating and financing leases to the lease liabilities recorded in the Consolidated Balance Sheet as of December 31, 2023 is as follows (in millions):

	Operating Leases	Financing Leases
2024	\$ 43.0	\$ 1.7
2025	36.8	1.7
2026	30.8	1.7
2027	28.9	1.8
2028	23.6	1.8
Thereafter	188.8	31.0
Total lease payments	<u>351.9</u>	<u>39.7</u>
Less: Interest	(87.9)	(16.5)
Total lease liabilities	<u>\$ 264.0</u>	<u>\$ 23.2</u>

Note 9: Long-Term Debt

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

	As of	
	December 31, 2023	December 31, 2022
New Credit Agreement		
Revolving Credit Facility due 2028, interest payable monthly at 6.71%	\$ 375.0	\$ —
Prior Credit Agreement (1):		
Revolver due 2024, interest payable monthly at 5.67%	—	500.0
Term Loan "B" Facility due 2026, interest payable monthly at 6.42%	—	1,086.0
0.50% Notes due 2029 (2)	1,500.0	—
0% Notes due 2027	804.9	805.0
3.875% Notes due 2028 (3)	700.0	700.0
1.625% Notes due 2023 (4)	—	137.3
Gross long-term debt, including current maturities	3,379.9	3,228.3
Less: Debt discount (5)	(4.2)	(9.2)
Less: Debt issuance costs (6)	(39.1)	(25.6)
Net long-term debt, including current maturities	3,336.6	3,193.5
Less: Current maturities	(794.0)	(147.8)
Net long-term debt	<u>\$ 2,542.6</u>	<u>\$ 3,045.7</u>

- (1) The Prior Credit Agreement, including the Revolver due 2024 and Term Loan "B" Facility, was terminated and replaced by the New Credit Agreement, effective June 22, 2023.
- (2) Interest is payable on March 1 and September 1 of each year at 0.50% annually.
- (3) Interest is payable on March 1 and September 1 of each year at 3.875% annually.
- (4) Interest was payable on April 15 and October 15 of each year at 1.625% annually. On October 16, 2023, the Company repaid \$119.6 million of the remaining outstanding principal amount of the 1.625% Notes in cash and settled the excess over the principal amount by issuing 4.5 million shares of common stock.
- (5) Debt discount of \$0.0 million and \$4.2 million for the Term Loan "B" Facility, and \$4.2 million and \$5.0 million for the 3.875% Notes, in each case as of December 31, 2023 and December 31, 2022, respectively.
- (6) Debt issuance costs of \$0.0 million and \$9.7 million for the Term Loan "B" Facility, \$26.8 million and \$0.0 million for the 0.50% Notes, \$10.9 million and \$13.9 million for the 0% Notes, \$1.4 million and \$1.7 million for the 3.875% Notes and \$0.0 million and \$0.3 million for the 1.625% Notes, in each case as of December 31, 2023 and December 31, 2022, respectively.

Maturities

Expected maturities of gross long-term debt (including current portion - see section regarding 0% Notes below) as of December 31, 2023 are as follows (in millions):

	Expected Maturities
2024	\$ 804.9
2025	—
2026	—
2027	—
2028	1,075.0
Thereafter	1,500.0
Total	<u>\$ 3,379.9</u>

Maturity and Settlement of the 1.625% Notes due 2023

On October 16, 2023, the Company settled the outstanding principal portion of the 1.625% Notes upon maturity for \$119.6 million in cash. The excess over the principal amount was settled by issuing approximately 4.5 million shares of the Company's common stock. At the time of issuance of the 1.625% Notes, the Company concurrently entered into hedge transactions with certain of the initial purchasers of the 1.625% Notes. According to the terms of these hedge contracts, on October 16, 2023, the Company repurchased an equivalent number of shares of its common stock at the prevailing fair market value, to effectively offset the issuance of shares. This transaction resulted in \$422.0 million being recorded to additional paid-in capital and treasury stock, with no overall impact to equity.

Also at the time of issuance of the 1.625% Notes, the Company sold warrants to certain bank counterparties whereby the holders of the warrants have the option to purchase the equivalent number of shares of the Company's common stock at a price of \$30.70 per share from the Company. These warrants can be exercised by the holders beginning in January 16, 2024 and expire no later than March 12, 2024. The Company currently anticipates the holders to exercise the warrants to purchase up to 6.7 million shares of common stock from the Company, which will be settled on a net-share basis depending on the average stock price on the day of exercise.

Prior to the maturity date, during 2023, the Company settled \$17.7 million of the 1.625% Notes based on conversion requests from the holders. In all cases, the principal amount was settled in cash with excess over principal settled in shares of common stock.

New Credit Agreement

On June 22, 2023, the Company entered into the New Credit Agreement by and among the Company, JP-Morgan Chase Bank, N.A., as Administrative Agent, and the other financial institutions party thereto as Lenders (collectively, the "Lenders" and individually each a "Lender"), which consists of a \$1.5 billion Revolving Credit Facility (the "Revolving Credit Facility"). Borrowings under the Revolving Credit Facility are available for general corporate purposes, including working capital, capital expenditures, and acquisitions, but also include \$25.0 million sub-limit for the issuance of letters of credit and a foreign currency sub-limit of \$75.0 million. During the year ended December 31, 2023, the Company drew down \$375.0 million under this facility and repaid the entire outstanding balance under the Revolver due 2024 (as defined below).

The maturity date for the borrowings under the New Credit Agreement is June 22, 2028. Interest is payable based on either Secured Overnight Financing Rate ("SOFR") or base rate options, as established at the commencement of each borrowing period, plus an applicable rate that varies based on the total leverage ratio. Lenders are owed certain fees, including a commitment fee that varies based on the total leverage ratio. The Company may prepay loans under the New Credit Agreement at any time, in whole or in part, upon payment of accrued interest and break funding payments, if applicable.

The obligations are guaranteed by certain of the Company's domestic subsidiaries and SCI LLC and are collateralized by, among other things, a pledge of the equity interests in certain of the Company's and SCI LLC's domestic subsidiaries and material first tier foreign subsidiaries. The affirmative and negative covenants are customary for credit agreements of this nature. The New Credit Agreement contains customary events of default, the occurrence of which could result in the acceleration of the associated obligations. The financial covenant relates to a maximum total net leverage ratio of 4.00 to 1.00 calculated using the consolidated total indebtedness to consolidated earnings before interest, taxes, depreciation and amortization and other adjustments for the trailing four consecutive quarters. The Company was in compliance with the total net leverage ratio as of December 31, 2023.

Debt issuance costs of \$6.8 million were incurred for the Revolving Credit Facility and recorded as other assets, which along with the existing debt issuance costs, will be amortized through June 22, 2028. As of December 31, 2023, the Company had approximately \$1,125.0 million available under the Revolving Credit Facility for future borrowings, except for amounts utilized for the letters of credit.

0.50% Convertible Senior Notes due 2029

On February 28, 2023, the Company completed a private unregistered offering of \$1.5 billion aggregate principal amount of its 0.50% Convertible Senior Notes due 2029 (the "0.50% Notes") and received net proceeds of approximately \$1,470 million after deducting the initial purchasers' discount. The Company used the net proceeds to repay \$1,086.0 million of the existing

outstanding indebtedness under the Term Loan "B" Facility, the related transaction fees and expenses, to pay approximately \$171.5 million net cost of the related convertible note hedges after such costs were offset by the proceeds from the sale of warrants, and for general corporate purposes. The 0.50% Notes were issued under an indenture (the "0.50% Indenture"), dated as of February 28, 2023, by and among the Company, the guarantors (as defined therein) and Computershare Trust Company, National Association, as trustee, which provides, among other things, that the 0.50% Notes will mature on March 1, 2029, unless earlier repurchased or redeemed by the Company or converted pursuant to their terms. On or after December 1, 2028, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders of the 0.50% Notes may convert all or a portion of their 0.50% Notes at any time. The 0.50% Notes are senior unsecured obligations and are fully and unconditionally guaranteed, on a joint and several basis, by each of the Company's subsidiaries that is a borrower or guarantor under the New Credit Agreement. The Company may satisfy any conversion elections by paying cash up to the aggregate principal amount of the 0.50% Notes to be converted, and paying or delivering, as the case may be, cash, shares of common stock or a combination thereof, at the Company's election, in respect of the remainder, if any, of its conversion obligation in excess of the aggregate principal amount of the 0.50% Notes to be converted.

The initial conversion rate of the 0.50% Notes is 9.6277 shares of common stock per \$1,000 principal amount, which is equivalent to an initial conversion price of approximately \$103.87 per share of common stock. The Company may redeem for cash all or any portion of the 0.50% Notes, at the Company's option, on or after March 6, 2026, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading-day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides the related notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Prior to December 1, 2028, the holders may convert their 0.50% Notes at their option only under the following circumstances: (i) during any calendar quarter commencing after the calendar quarter ending on December 31, 2023 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (ii) during the five consecutive business-day period after any five consecutive trading-day period in which the trading price per \$1,000 principal amount of the 0.50% Notes for each trading day of such period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; iii) if the Company calls any or all of the 0.50% Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or (iv) upon the occurrence of specified corporate transactions described in the 0.50% Indenture.

The conversion rate is subject to adjustment upon the occurrence of certain specified events as set forth in the 0.50% Indenture. The maximum number of shares of common stock issuable in connection with the conversion of the 0.50% Notes is approximately 19.1 million. In addition to the initial purchasers' discount of \$30.0 million, the Company also incurred issuance costs of approximately \$1.3 million, all of which was capitalized as debt issuance costs. The effective interest rate, including the impact of the debt discount and debt issuance costs, is 0.85% over the contractual term of the 0.50% Notes.

In addition, the Company entered into convertible note hedge transactions with respect to the common stock with the initial purchasers or their affiliates and certain other financial institutions. The Company will exercise the note hedges simultaneously when the 0.50% Notes are settled. The convertible note hedges cover, subject to customary anti-dilution adjustments, the number of shares of common stock that initially underlie the 0.50% Notes and are expected to reduce the potential dilution to the common stock and/or offset potential cash payments in excess of the principal amount upon conversion of the 0.50% Notes. The Company paid approximately \$414.0 million in cash for the convertible note hedges, which was recorded to stockholders' equity.

The Company also entered into warrant transactions with certain other financial institutions, whereby the Company sold warrants to acquire 14.4 million shares of the Company's common stock, which is the same number of shares of the Company's common stock covered by the convertible note hedges at an initial strike price of \$156.78 per share, which represents a 100% premium over the closing price of the Company's common stock of \$78.39 per share on February 23, 2023, subject to antidilution adjustments. The warrants expire on June 1, 2029. The maximum number of shares of common stock issuable in connection with the warrants is approximately 28.9 million. The Company received \$242.5 million in cash for the sale of warrants, which was recorded to stockholders' equity.

Deferred tax assets of \$92.3 million were recorded to reflect the tax impact of the issuance of the 0.50% Notes and the convertible note hedge transactions.

Debt Prepayments

The Company used a portion of the proceeds of the 0.50% Notes to repay the remaining outstanding balance of \$1,086.0 million under the Term Loan "B" Facility and expensed \$13.3 million of unamortized debt discount and issuance costs as loss on debt prepayment during the year ended December 31, 2023. The Company also repaid \$125.0 million under the Revolver due 2024 in addition to the repayment of \$375.0 million (under the Revolver due 2024) upon execution of the New Credit Agreement during the year ended December 31, 2023.

0% Convertible Senior Notes due 2027

Pursuant to the indenture governing the 0% Notes, as of December 31, 2023, the \$794.0 million remaining outstanding principal amount of the 0% Notes, net of unamortized issuance costs, was classified as a current portion of long-term debt since the last reported sale price of the Company's common stock for at least 20 trading days during the period of 30 consecutive trading days ending on December 31, 2023 was greater than or equal to \$68.86 (130% of the conversion price) on each applicable trading day. This condition gives holders the right to surrender any portion of their 0% Notes (in minimum denominations of \$1,000 in principal amount or an integral multiple thereof) for conversion during the calendar quarter ending March 31, 2024, and only during such calendar quarter.

Amendments to the Prior Credit Agreement

The Company entered into the Prior Credit Agreement in 2016 which provided for a \$1.97 billion revolving credit facility (the Revolver due 2024) and a \$2.4 billion term loan "B" facility (the Term Loan "B" Facility). Between 2016 and 2022, the Company, the Guarantors (as defined in the Prior Credit Agreement), the several lenders party thereto and the Agent (as defined in the Prior Credit Agreement) entered into ten amendments to the Prior Credit Agreement. These amendments, among others, reduced the interest rates payable and increased the amounts that could be borrowed under the Term Loan "B" Facility and the Revolver due 2024 and also amended certain financial covenants.

The obligations under the Prior Credit Agreement were guaranteed by the Guarantors and collateralized by a pledge of substantially all of the assets of the Company and the Guarantors, including a pledge of the equity interests in certain of the Company's domestic and first tier foreign subsidiaries, subject to customary exceptions. The obligations under the Prior Credit Agreement were also collateralized by mortgages on certain real property assets of the Company and its domestic subsidiaries.

The Prior Credit Agreement included a maximum total net leverage ratio as a financial maintenance covenant. It also contained other customary affirmative and negative covenants and events of default. The Prior Credit Agreement was terminated and replaced with the New Credit Agreement on June 22, 2023.

Note 10: Earnings Per Share and Equity

Earnings Per Share

Net income per share of common stock attributable to ON Semiconductor Corporation is shown below (in millions, except per share data):

	Year ended December 31,		
	2023	2022	2021
Net income for basic earnings per share of common stock	\$ 2,183.7	\$ 1,902.2	\$ 1,009.6
Add: Interest on 1.625% Notes	1.3	2.0	—
Net income for diluted earnings per share of common stock	<u>\$ 2,185.0</u>	<u>\$ 1,904.2</u>	<u>\$ 1,009.6</u>
Basic weighted-average shares of common stock outstanding	430.7	433.2	425.7
Dilutive effect of share-based awards	1.2	1.8	2.5
Dilutive effect of convertible notes and warrants	14.9	13.2	15.6
Diluted weighted average shares of common stock outstanding	<u>446.8</u>	<u>448.2</u>	<u>443.8</u>
Net income per share of common stock:			
Basic	<u>\$ 5.07</u>	<u>\$ 4.39</u>	<u>\$ 2.37</u>
Diluted	<u>\$ 4.89</u>	<u>\$ 4.25</u>	<u>\$ 2.27</u>

Basic income per share of common stock is computed by dividing net income attributable to the Company by the weighted average number of shares of common stock outstanding during the period. To calculate the diluted weighted-average shares of common stock outstanding, treasury stock method has been applied to calculate the number of incremental shares from the assumed issuance of shares relating to RSUs. The excluded number of anti-dilutive share-based awards was approximately 0.1 million, 0.3 million and 0.3 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The dilutive impact related to the Company's 0.50% Notes, 0% Notes and 1.625% Notes has been calculated using the if-converted method for the years ended December 31, 2023 and 2022 and using the treasury stock method for the year ended 2021. While the 0.50% Notes and the 0% Notes are repayable in cash up to the par value and in cash or shares of common stock for their entire value, the 1.625% Notes were repayable in cash or shares of common stock for their entire value.

Prior to conversion, the convertible note hedges are not considered for purposes of the earnings per share calculations, as their effect would be anti-dilutive. Upon conversion, the convertible note hedges are expected to offset the dilutive effect of the 0.50% Notes, 0% Notes and 1.625% Notes when the stock price is above \$103.87, \$52.97 and \$20.72 per share, respectively. The dilutive impact of the warrants issued concurrently with the issuance of the 0.50% Notes, 0% Notes and 1.625% Notes with exercise prices of \$156.78, \$74.34 and \$30.70, respectively, has been included in the calculation of diluted weighted-average common shares outstanding, if applicable.

Equity

Share Repurchase Program

In February 2023, the Board of Directors approved a new share repurchase program (the "2023 Share Repurchase Program") under which the Company may repurchase up to an aggregate of \$3.0 billion of the Company's common stock (exclusive of fees, commissions and other expenses). Under the 2023 Share Repurchase Program, which does not require the Company to purchase any minimum amount of common stock or at all, the Company may repurchase shares from February 8, 2023 through December 31, 2025. The repurchases under the 2023 Share Repurchase Program amounted to \$564.0 million during the year ended December 31, 2023.

Under the Company's previous share repurchase program announced on November 15, 2018, the Company could repurchase up to \$1.5 billion (exclusive of fees, commissions and other expenses) of the Company's common stock from December 1, 2018 through December 31, 2022. The repurchases under the previous share repurchase program amounted to \$259.8 million during the year ended December 31, 2022. There were no repurchases during the year ended December 31, 2021. The previous share repurchase program, which did not require the Company to purchase any particular amount of common stock and was subject to

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the discretion of the Board of Directors, expired on December 31, 2022, with approximately \$1,036.0 million remaining unutilized.

Activity under both the 2023 Share Repurchase Program and the previous program is as follows (in millions, except per share data):

	Year ended December 31,		
	2023	2022	2021
Number of repurchased shares (1)	7.6	4.0	—
Aggregate purchase price	\$ 564.0	\$ 259.8	\$ —
Fees, commissions and excise tax	4.1	—	—
Total	\$ 568.1	\$ 259.8	\$ —
Weighted-average purchase price per share (2)	\$ 74.54	\$ 65.13	\$ —
Available amounts	\$ 2,436.0	\$ 1,036.0	\$ 1,295.8

(1) None of these shares had been reissued or retired as of December 31, 2023 but may be reissued or retired later.

(2) Exclusive of fees, commission or other expenses.

Shares for Restricted Stock Units Tax Withholding

The amounts remitted for tax withholding during the years ended December 31, 2023, 2022 and 2021 were \$67.1 million, \$78.1 million and \$38.9 million, respectively, for which the Company withheld approximately 0.8 million, 1.3 million and 0.9 million shares of common stock, respectively, that were underlying the RSUs that vested. This activity in connection with tax withholding upon vesting was not made under the 2023 Share Repurchase Program or the previous share repurchase program.

Non-Controlling Interest

Leshan operates assembly and test operations in Leshan, China. The Company owns 80% of the outstanding equity interests in Leshan, and the results of Leshan have been consolidated in the Company's financial statements. As of December 31, 2023, the Leshan non-controlling interest balance was \$18.0 million. This balance included the Leshan non-controlling interest's \$1.9 million share of the earnings for the year ended December 31, 2023 offset by \$2.4 million of dividends paid to the non-controlling shareholder. As of December 31, 2022, the Leshan non-controlling interest balance was \$18.5 million. This balance included the Leshan non-controlling interest's \$1.6 million share of the earnings for the year ended December 31, 2022 offset by \$2.1 million of dividends declared to the non-controlling shareholder.

Note 11: Share-Based Compensation

Total share-based compensation expense related to the Company's RSUs, stock grant awards and ESPP was recorded within the Consolidated Statements of Operations and Comprehensive Income as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
Cost of revenue	\$ 18.1	\$ 12.0	\$ 15.6
Research and development	20.5	17.6	24.2
Selling and marketing	18.6	16.4	16.6
General and administrative	63.9	54.8	44.9
Share-based compensation expense	121.1	100.8	101.3
Income tax benefit	(25.4)	(21.2)	(21.3)
Share-based compensation expense, net of taxes	\$ 95.7	\$ 79.6	\$ 80.0

As of December 31, 2023, total unrecognized share-based compensation expense, net of estimated forfeitures, related to non-vested RSUs with service, performance and market conditions was \$123.2 million, which is expected to be recognized over a weighted-average period of 1.4 years. Upon vesting of RSUs, stock grant awards or completion of a purchase under the ESPP, the Company issues new shares of common stock.

Share-Based Compensation Information

The fair value per unit of each RSU and stock grant award is determined on the grant date. Share-based compensation expense is based on awards ultimately expected to vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The annualized pre-vesting forfeitures for RSUs were estimated to be approximately 8% for the year ended December 31, 2023, 8% for the year ended December 31, 2022 and 6% for the year ended December 31, 2021.

Plan and Award Descriptions

On March 23, 2010, the Company adopted the Amended and Restated SIP which has been subsequently amended over the years primarily to increase the number of shares of common stock subject to all awards. Generally, RSUs granted under the Amended and Restated SIP vest ratably over three years for awards with service conditions and over two or three years for awards with performance or market conditions, or a combination thereof, and are settled in shares of the Company's common stock upon vesting. Generally, upon the termination of an RSU holder's employment, all unvested RSUs will immediately cancel, except under circumstances where the service condition has been fulfilled.

On May 20, 2021, the Company's stockholders approved certain amendments to the Amended and Restated SIP to extend the expiration date from 2022 to 2031 and to increase the number of shares of common stock subject to all awards by 22.5 million to 109.5 million. As of December 31, 2023, there was an aggregate of 37.1 million shares of common stock available for grant under the Amended and Restated SIP.

Restricted Stock Units

A summary of activity of RSUs during the year ended December 31, 2023 is as follows (number of shares in millions):

	Number of Shares	Weighted-Average Grant Date Fair Value
Nonvested shares of RSUs at December 31, 2022	3.8	\$ 46.56
Granted	1.9	80.32
Achieved	0.3	54.16
Released	(2.4)	41.56
Forfeited	(0.4)	62.12
Nonvested shares of RSUs at December 31, 2023	3.2	69.39

The RSUs awarded during 2023 include RSUs that vest upon satisfaction of service conditions and 0.6 million RSUs granted to certain officers and employees of the Company that vest upon the achievement of certain performance criteria and market conditions. The number of units expected to vest is evaluated each reporting period and compensation expense is recognized for those units for which achievement of the performance criteria is considered probable. Compensation expense for RSUs with market conditions is recognized based on the grant date fair value irrespective of the achievement of the condition. The fair value of the vested awards are based on the stock price as of the vesting dates, and during the years ended December 31, 2023, 2022 and 2021 totaled \$202.6 million, \$232.8 million and \$123.5 million, respectively.

As of December 31, 2023, unrecognized compensation expense, net of estimated forfeitures related to non-vested RSUs granted under the Amended and Restated SIP with service, performance and market conditions, was \$90.5 million, \$18.7 million and \$14.0 million, respectively. For RSUs with time-based service conditions, expense is being recognized over the vesting period; for RSUs with performance criteria, expense is recognized over the period when the performance criteria is expected to be achieved; for RSUs with market conditions, expense is recognized over the period in which the condition is assessed irrespective of whether it would be achieved or not. Unrecognized compensation cost for awards with certain performance criteria that are not expected to be achieved is not included here. Total compensation expense related to service-based, performance-based and market-based RSUs was \$113.7 million for the year ended December 31, 2023, which included \$64.0 million for RSUs with time-based service conditions that were granted in 2023 and prior that are expected to vest.

Employee Stock Purchase Plan

On February 17, 2000, the Company adopted the ESPP. During the years ended December 31, 2023, 2022 and 2021 employees

purchased approximately 0.4 million, 0.5 million and 0.7 million shares, respectively, under the ESPP. On May 20, 2021, the stockholders approved an amendment to the ESPP, which increased the number of shares available to be issued pursuant to the ESPP by 6.0 million to 34.5 million. As of December 31, 2023, there were approximately 7.3 million shares available for issuance under the ESPP. Total compensation expense related to the ESPP for the year ended December 31, 2023 was \$7.4 million.

Note 12: Employee Benefit Plans

Defined Benefit Pension Plans

The Company maintains defined benefit pension plans for employees of certain of its foreign subsidiaries. Such plans conform to local practice in terms of providing minimum benefits mandated by law, collective agreements or customary practice. The Company recognizes the aggregate amount of all overfunded plans as assets and the aggregate amount of all underfunded plans as liabilities in its Consolidated Balance Sheets. The Company's expected long-term rate of return on plan assets is updated at least annually, taking into consideration its asset allocation, historical returns on similar types of assets and the current economic environment. For estimation purposes, the Company assumes its long-term asset mix will generally be consistent with the current mix. The Company determines its discount rates using highly rated corporate bond yields and government bond yields.

Benefits under all of the plans are valued utilizing the projected unit credit cost method. The Company's policy is to fund its defined benefit plans in accordance with local requirements and regulations. The funding is primarily driven by the current assessment of the economic environment and projected benefit payments of foreign subsidiaries. The measurement date for determining the defined benefit obligations for all plans is December 31 of each year.

The Company recognizes actuarial gains and losses during the period the Company's annual pension plan actuarial valuations are prepared, which generally occurs during the fourth calendar quarter of each year, or during any interim period where a revaluation is deemed necessary. For the years ended December 31, 2023, 2022 and 2021, the Company recognized an actuarial loss of \$4.0 million, and actuarial gains of \$22.1 million and \$21.4 million, respectively. Of the actuarial loss for 2023, \$7.8 million was primarily due to an increase in the discount rates reduced by \$3.8 million due to higher-than-expected returns on plan assets.

Following is a summary of the status of the Company's foreign defined benefit pension plans and the net periodic pension cost (in millions):

	Year Ended December 31,		
	2023	2022	2021
Service cost	\$ 4.7	\$ 8.1	\$ 11.7
Interest cost	6.3	4.0	4.5
Expected return on plan assets	(4.7)	(4.3)	(6.5)
Curtailment gain	—	—	(0.4)
Actuarial (gains) losses	4.0	(22.1)	(21.4)
Total net periodic pension (gain) cost	<u>\$ 10.3</u>	<u>\$ (14.3)</u>	<u>\$ (12.1)</u>
Weighted average assumptions			
Discount rate used for net periodic pension costs	3.27 %	1.54 %	1.31 %
Discount rate used for pension benefit obligations	3.63 %	3.63 %	1.54 %
Expected return on plan assets	3.46 %	2.98 %	3.04 %
Rate of compensation increase	4.26 %	3.43 %	3.45 %

The long-term rate of return on plan assets was determined using the weighted-average method, which incorporates factors that include the historical inflation rates, interest rate yield curve and current market conditions.

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securities, and foreign mutual funds are made with the expectation that these investments will give an adequate rate of long-term returns despite periods of high volatility. Other types of investments include investments in cash deposits, money market funds and insurance contracts. Asset allocations are based on the anticipated required funding amounts, timing of benefit payments, historical returns on similar assets and the influence of the current economic environment.

The following table sets forth, by level within the fair value hierarchy, a summary of investments measured at fair value and the asset allocations of the plan assets in the Company's foreign pension plans (in millions):

Asset Category	As of December 31, 2023				
	Allocation	Total	Level 1	Level 2	Level 3
Cash/Money Markets	2 %	\$ 3.5	\$ 3.5	\$ —	\$ —
Foreign Government/Treasury Securities (1)	7 %	9.9	9.9	—	—
Corporate Bonds, Debentures (2)	31 %	43.2	—	43.2	—
Equity Securities (3)	22 %	31.3	—	31.3	—
Mutual Funds	9 %	11.9	—	11.9	—
Investment and Insurance Contracts (4)	29 %	40.5	—	16.0	24.5
	100 %	\$ 140.3	\$ 13.4	\$ 102.4	\$ 24.5

Asset Category	As of December 31, 2022				
	Allocation	Total	Level 1	Level 2	Level 3
Cash/Money Markets	2 %	\$ 3.0	\$ 3.0	\$ —	\$ —
Foreign Government/Treasury Securities (1)	10 %	13.4	13.4	—	—
Corporate Bonds, Debentures (2)	26 %	33.4	—	33.4	—
Equity Securities (3)	23 %	30.2	—	30.2	—
Mutual Funds	7 %	9.3	—	9.3	—
Investment and Insurance Contracts (4)	32 %	42.4	—	18.6	23.8
	100 %	\$ 131.7	\$ 16.4	\$ 91.5	\$ 23.8

(1) Includes investments primarily in guaranteed return securities.

(2) Includes investments in government bonds and corporate bonds of developed countries, emerging market government bonds, emerging market corporate bonds and convertible bonds.

(3) Includes investments in equity securities of developed countries and emerging markets.

(4) Includes certain investments with insurance companies that guarantee a minimum rate of return on the investment.

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When available, the Company uses observable market data, including pricing on recently closed market transactions and quoted prices, which are included in Level 2. When data is unobservable, valuation methodologies using comparable market data are utilized and included in Level 3. Activity during the years ended December 31, 2023 and 2022, respectively, for plan assets with fair value measurement using significant unobservable inputs (Level 3) were as follows (in millions):

	Investment and Insurance Contracts
Balance at December 31, 2021	\$ 50.6
Actual return on plan assets	(2.8)
Purchase, sales and settlements, net	(21.7)
Foreign currency impact	(2.3)
Balance at December 31, 2022	\$ 23.8
Actual return on plan assets	1.2
Purchase, sales and settlements, net	(1.3)
Foreign currency impact	0.8
Balance at December 31, 2023	<u>\$ 24.5</u>

The Company generally contributes to its foreign defined benefit plans based on specific plan or statutory requirements. In 2024, the Company expects to contribute \$22.7 million. The expected benefit payments from the Company's defined benefit plans from 2024 through 2028 and the five years thereafter are as follows (in millions):

2024	\$ 7.1
2025	9.4
2026	8.2
2027	11.4
2028	13.0
Five years thereafter	68.4
Total	<u>\$ 117.5</u>

Defined Contribution Plans

The Company has a deferred compensation savings plan for all eligible U.S. employees established under the provisions of Section 401(k) of the Internal Revenue Code. Eligible employees may contribute a percentage of their salary subject to certain limitations. The Company has elected to match 100% of employee contributions between 0% and 4% of their salary, with an annual limit as mandated by the Internal Revenue Service. The Company recognized \$19.9 million, \$14.7 million and \$16.7 million of expense relating to matching contributions in 2023, 2022 and 2021, respectively.

Certain foreign subsidiaries have defined contribution plans in which eligible employees participate. The Company recognized compensation expense of \$22.3 million, \$20.5 million and \$27.2 million relating to these plans for the years ended 2023, 2022 and 2021, respectively.

Note 13: Commitments and Contingencies

Purchase Obligations

The Company has agreements with suppliers, external manufacturers and other vendors for capital expenditures, inventory purchases, manufacturing services, information technology and other goods and services. The following is a schedule by year of future minimum purchase obligations under non-cancelable arrangements entered into during the ordinary course of business as of December 31, 2023 (in millions):

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2024	\$	964.4
2025		314.4
2026		60.2
2027		40.7
2028		28.2
Thereafter		0.3
Total	\$	<u>1,408.2</u>

Environmental Contingencies

The Company currently leases its headquarters in Scottsdale, Arizona on Salt River Maricopa Indian Community property.

Though the Company has encountered and dealt with a number of environmental issues over time relating to the various locations that comprise its operations, any costs to the Company in connection with such matters have not been, and, based on the information available, are not expected to be material.

The following presents a summary of such environmental contingencies:

- East Greenwich, Rhode Island. The Company's design center in East Greenwich, Rhode Island is located on property that has localized soil contamination. In connection with the purchase of the facility, the Company entered into a Settlement Agreement and Covenant Not to Sue with the State of Rhode Island. This agreement requires that remedial actions be undertaken and a quarterly groundwater monitoring program be initiated by the former owners of the property.
- Santa Clara, California. As a result of the acquisition of AMIS in 2008, the Company is a "primary responsible party" to an environmental remediation and clean-up plan at AMIS's former corporate headquarters in Santa Clara, California. Costs incurred by AMIS include implementation of the clean-up plan, operations and maintenance of remediation systems, and other project management costs. However, AMIS's former parent company, a subsidiary of Nippon Mining, contractually agreed to indemnify AMIS and the Company for any obligations relating to environmental remediation and clean-up activities at this location. This facility was divested to Lincoln Property Company Commercial, Inc. in 2022.
- South Portland, Maine. Through its acquisition of Fairchild, the Company acquired a facility in South Portland, Maine. This facility was divested to Diodes, Inc. in 2022. This facility has ongoing environmental remediation projects to respond to certain releases of hazardous substances that occurred prior to the leveraged recapitalization of Fairchild from its former parent company, National Semiconductor Corporation, which is now owned by TI. To the extent the Company could still incur liabilities with respect to these remediation projects, pursuant to a 1997 asset purchase agreement entered into in connection with the Fairchild recapitalization, National Semiconductor Corporation agreed to indemnify Fairchild, without limitation and for an indefinite period of time, for all future costs related to these projects.
- Bucheon, South Korea. Under a 1999 asset purchase agreement pursuant to which Fairchild purchased the power device business of Samsung, Samsung agreed to indemnify Fairchild in an amount up to \$150.0 million for remediation costs and other liabilities related to historical contamination at Samsung's Bucheon, South Korea operations.
- Mountain Top, Pennsylvania. Under a 2001 asset purchase agreement pursuant to which Fairchild purchased a manufacturing facility in Mountain Top, Pennsylvania, Intersil Corp. (subsequently acquired by Renesas Electronics Corporation) agreed to indemnify Fairchild for remediation costs and other liabilities related to historical contamination at the facility.
- Hartford, Illinois. The Company was notified by the EPA that it has been identified as a PRP under CERCLA in the Chemetco Superfund matter. Chemetco, a defunct reclamation services supplier that operated in Hartford, Illinois at what is now a Superfund site, has performed reclamation services for the Company in the past. The EPA is pursuing Chemetco customers for contribution to the site clean-up activities. The Company has joined a PRP group, which is cooperating with the EPA in the evaluation and funding of the clean-up activities.

Financing Contingencies

In the ordinary course of business, the Company provides standby letters of credit or other guarantee instruments to certain parties initiated by either the Company or its subsidiaries, as required for transactions, including, but not limited to, material purchase commitments, agreements to mitigate collection risk, leases, utilities or customs guarantees. As of December 31, 2023, the Company's Revolving Credit Facility included \$25.0 million available for the issuance of letters of credit. There were \$0.9 million letters of credit outstanding under the Revolving Credit Facility as of December 31, 2023, which reduced the Company's borrowing capacity. The Company also had outstanding guarantees and letters of credit outside of its Revolving Credit Facility totaling \$13.3 million as of December 31, 2023.

As part of obtaining financing in the ordinary course of business, the Company issued guarantees related to certain of its subsidiaries, which totaled \$0.9 million as of December 31, 2023. Based on historical experience and information currently available, the Company believes that it will not be required to make payments under the standby letters of credit or guarantee arrangements for the foreseeable future.

Indemnification Contingencies

The Company is a party to a variety of agreements entered into in the ordinary course of business, including acquisition agreements, pursuant to which it may be obligated to indemnify the other parties for certain liabilities that arise out of or relate to the subject matter of the agreements. Some of the agreements entered into by the Company require it to indemnify the other party against losses due to IP infringement, property damage (including environmental contamination), personal injury, failure to comply with applicable laws, the Company's negligence or willful misconduct or breach of representations and warranties and covenants related to such matters as title to sold assets. In the case of certain acquisition agreements, these agreements may require us to maintain such indemnification provisions for the acquiree's directors, officers and other employees and agents, in certain cases for a number of years following the acquisition.

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

The Company and its subsidiaries provide for indemnification of directors, officers and other persons in accordance with limited liability company operating agreements, certificates of incorporation, by-laws, articles of association or similar organizational documents, as the case may be. Section 145 of the Delaware General Corporation Law ("DGCL") authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers under certain circumstances and subject to certain limitations. The terms of Section 145 of the DGCL are sufficiently broad to permit indemnification under certain circumstances for liabilities, including reimbursement of expenses incurred, arising under the Exchange Act. As permitted by the DGCL, the Company's Amended and Restated Certificate of Incorporation (as amended, the "Certificate of Incorporation") contains provisions relating to the limitation of liability and indemnification of directors and officers. The Certificate of Incorporation eliminates the personal liability of each of the Company's directors to the fullest extent permitted by Section 102(b)(7) of the DGCL, as it may be amended or supplemented, and provides that the Company will indemnify its directors and officers to the fullest extent permitted by Section 145 of the DGCL, as amended from time to time.

The Company has entered into indemnification agreements with each of its directors and executive officers. The form of agreement (the "Indemnification Agreement") provides, subject to certain exceptions and conditions specified in the Indemnification Agreement, that the Company will indemnify each indemnitee to the fullest extent permitted by Delaware law against all expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with a proceeding or claim in which such person is involved because of his or her status as one of the Company's directors or executive officers. In addition, the Indemnification Agreement provides that the Company will, to the extent not prohibited by law and subject to certain exceptions and repayment conditions, advance specified indemnifiable expenses incurred by the indemnitee in connection with such proceeding or claim.

The Company also maintains directors' and officers' insurance policies that indemnify its directors and officers against various liabilities, including certain liabilities under the Exchange Act, which might be incurred by any director or officer in his or her capacity as such.

While the Company's future obligations under certain agreements may contain limitations on liability for indemnification, other agreements do not contain such limitations and under such agreements it is not possible to predict the maximum potential

amount of future payments due to the conditional nature of the Company's obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by the Company under any of these indemnities have not had a material effect on the Company's business, financial condition, results of operations or cash flows. Additionally, the Company does not believe that any amounts that it may be required to pay under these indemnities in the future will be material to the Company's business, financial position, results of operations, or cash flows.

Government Assistance

2023 Government Incentives

The Company receives government incentives from U.S. federal and state governments and non-U.S. governments in the form of cash grants and tax abatements, which in most cases, attach conditions for a specific duration period, generally related to hiring, training and/or retaining employees, the construction or acquisition of assets and placing them in service or the development of specific technologies. If conditions are not satisfied or the duration period for the agreement is infringed, the incentives are subject to reduction, termination, or recapture.

As of December 31, 2023, relating to government incentives, \$12.9 million and \$5.2 million were included in other current assets and other non-current assets, respectively, representing the amounts receivable, \$80.4 million was recorded as a net decrease to PP&E, net, and \$83.6 million was recorded as a reduction to taxes payable included in accrued expenses and other current liabilities. Additionally, \$5.1 million and \$4.9 million were recorded as a reduction to cost of revenue and operating expenses, respectively, for the year ended December 31, 2023.

The duration of the agreements for the incentives received by the Company in 2023 ranges from one to ten years, with a recapture period that can extend up to 10 years.

2022 Government Incentives

During the year ended December 31, 2022, the Company received a nominal amount related to these programs. To the extent amounts have been received by the Company in advance of the completion of the conditions, they have been recorded as a liability. The duration of the agreements for the incentives received by the Company in 2022 ranges from one to five years, with a recapture period that can extend up to five years.

Legal Matters

From time to time, the Company is party to various legal proceedings arising in the ordinary course of business, including indemnification claims, claims of alleged infringement of patents, trademarks, copyrights and other IP rights, claims of alleged non-compliance with contract provisions and claims related to alleged violations of laws and regulations. The Company evaluates the status of the legal proceedings in which it is involved to assess whether a loss is reasonably estimable and either remote, reasonably possible or probable of occurring. The Company further evaluates each legal proceeding to assess whether an estimate of possible loss or range of possible loss can be made for disclosure purposes. Although litigation is inherently unpredictable, the Company believes that it has adequate provisions for any probable and reasonably estimable losses. However, the Company's estimates may not represent its maximum possible exposure in any particular legal proceeding. Legal expenses related to defense, negotiations, settlements, rulings and advice of outside legal counsel are expensed as incurred.

The Company is currently involved in a variety of legal matters that arise in the ordinary course of business. Based on information currently available, except as disclosed below (if any), the Company is not involved in any pending or threatened legal proceedings that it believes could reasonably be expected to have a material adverse effect on its financial condition, results of operations or liquidity. The litigation process is inherently uncertain, and the Company cannot guarantee that the outcome of any litigation matter will be favorable to the Company.

Securities Class Action And Derivative Litigation Concerning the Company's SiC Business

On December 13, 2023, a putative class action captioned Hubacek v. On Semiconductor Corp., et al., Case No. 1:23-cv-01429 (D. Del.), was filed by an alleged stockholder of the Company in the U.S. District Court for the District of Delaware against the Company and certain of its officers. The complaint asserts claims for alleged violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The complaint alleges that the defendants made misleading statements regarding the Company's SiC business. The plaintiff seeks a ruling that this case may proceed as a class action, and seeks damages, attorneys' fees and costs. The case is in its early stages. The Company believes that it has strong legal defenses to the claims asserted, and will vigorously defend it.

On January 3, 2024, a purported stockholder derivative action captioned *Silva v. El-Khoury, et al.*, Case No. 1:24-cv-00007 (D. Del.), was filed by a purported stockholder of the Company in the U.S. District Court for the District of Delaware. The allegations in the derivative complaint are substantially similar to the allegations in the securities class action complaint discussed above. The derivative suit purports to assert claims on behalf of the Company against certain of its officers for contribution under the federal securities laws, and asserts claims against all of the defendants for breach of fiduciary duty, aiding and abetting, unjust enrichment, abuse of control, gross mismanagement, and waste. The plaintiff seeks an award of damages, pre-judgment interest, punitive damages, attorneys' fees, and other costs and expenses related to the litigation. This case is in its early stages. The Company believes that the Plaintiff lacks standing to assert claims on the Company's behalf.

Intellectual Property Matters

The Company faces risk of exposure from claims of infringement of the IP rights of others. In the ordinary course of business, the Company receives letters asserting that the Company's products or components breach another party's rights. Such letters may request royalty payments from the Company, that the Company cease and desist using certain IP or other remedies.

Note 14: Fair Value Measurements

Fair Value of Financial Instruments

During 2022, the Company began investing portions of its excess cash in different marketable securities, which were classified as available-for-sale. During the year ended December 31, 2023, the Company sold these investments. The following fair value tier level hierarchy is used to determine fair values of financial instruments:

- Level 1: based on observable inputs that reflect quoted prices for identical assets or liabilities in active markets.
- Level 2: based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: based on the use of unobservable inputs for the assets and liabilities and other types of analyses.

The carrying value of cash and cash equivalents which includes time deposits, money market funds, corporate bonds and commercial paper approximates fair value because of the short-term maturity of these instruments. Demand and money market funds are classified as Level 1 within the fair value hierarchy, while corporate bonds and commercial paper are classified as Level 2. The carrying amount of other current assets and liabilities, such as accounts receivable and accounts payable, approximates fair value due to the short-term maturity of the amounts, and such current assets and liabilities are considered Level 2 in the fair value hierarchy.

The Company held an insignificant amount of investments in money market funds as of December 31, 2023. There were no demand and time deposits or investments in other assets as of December 31, 2023. The following table summarizes financial assets and liabilities, excluding pension assets, disaggregated by the security type, measured at fair value on a recurring basis as of December 31, 2022 (in millions):

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Description	As of December 31, 2022				Fair Value Level	
	Amortized Cost	Unrealized gains	Unrealized losses	Fair value	Level 1	Level 2
Assets:						
Cash and cash equivalents:						
Demand and time deposits	\$ 233.1	\$ —	\$ —	\$ 233.1	\$ 233.1	\$ —
Money market funds	17.0	—	—	17.0	17.0	—
Other current assets:						
Corporate bonds	\$ 23.8	\$ —	\$ —	\$ 23.8	\$ —	\$ 23.8
Certificate of deposit	3.1	—	—	3.1	—	3.1
Commercial paper	3.2	—	—	3.2	1.2	2.0
US Treasury bonds	2.1	—	—	2.1	—	2.1
Other assets:						
Corporate bonds	\$ 0.8	\$ —	\$ —	\$ 0.8	\$ —	\$ 0.8

Fair Value of Long-Term Debt, including Current Portion

The carrying amounts and fair value of the Company's long-term borrowings are as follows (in millions):

	As of December 31,			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion (1)				
0% Notes	\$ 794.0	\$ 1,334.4	\$ 791.1	\$ 1,057.8
0.50% Notes	1,473.1	1,596.6	—	—
1.625% Notes	—	—	137.0	417.8
3.875% Notes	694.4	652.0	693.3	618.3
Long-term debt	375.0	390.6	1,572.1	1,549.2

(1) Long-term debt is carried on the Consolidated Balance Sheets at historical cost net of debt discount and issuance costs.

The fair value of the 0% Notes, 0.50% Notes, 1.625% Notes and 3.875% Notes was estimated based on market prices in active markets (Level 1). The fair value of other long-term debt, which includes the Term Loan "B" Facility as of December 31, 2022 was estimated based on discounting the remaining principal and interest payments using current market rates for similar debt (Level 2).

Fair Values Measured on a Non-Recurring Basis

The Company's non-financial assets, such as property, plant and equipment, goodwill and intangible assets, are recorded at fair value upon a business combination and are remeasured at fair value only if an impairment charge is recognized. The Company uses unobservable inputs to the valuation methodologies that are significant to the fair value measurements, and the valuations require management's judgment due to the absence of quoted market prices. The Company determines the fair value of its held and used assets, goodwill and intangible assets using an income, cost or market approach as determined reasonable.

During the years ended December 31, 2023, 2022 and 2021, there were no non-financial assets included in the Company's Consolidated Balance Sheet that were remeasured at fair value on a non-recurring basis. The following table shows the adjustments to fair value of certain of the Company's non-financial assets that had an impact on the Company's results of operations (in millions):

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

	Year Ended December 31,		
	2023	2022	2021
Nonrecurring fair value measurements			
Goodwill impairments (Level 3)	\$ —	\$ 330.0	\$ —
Intangibles impairment (Level 3)	—	56.8	—
Asset impairments (Level 3)	10.5	14.8	7.9
IPRD impairments (Level 3)	—	—	2.9
	<u>\$ 10.5</u>	<u>\$ 401.6</u>	<u>\$ 10.8</u>

Note 15: Financial Instruments

Foreign Currencies

As a multinational business, the Company's transactions are denominated in a variety of currencies. When appropriate, the Company uses forward foreign currency contracts to reduce its overall exposure to the effects of currency fluctuations on its results of operations and cash flows. The Company's policy prohibits trading in currencies for which there are no underlying exposures and entering into trades for any currency to intentionally increase the underlying exposure. The Company primarily hedges existing assets and liabilities associated with transactions currently on its balance sheet, which are undesignated hedges for accounting purposes.

As of December 31, 2023 and 2022, the Company had outstanding foreign exchange contracts with notional amounts of \$262.2 million and \$272.0 million, respectively. Such contracts were obtained through financial institutions and were scheduled to mature within one to three months from the time of purchase. Management believes that these financial instruments should not subject the Company to increased risks from foreign exchange movements because gains and losses on these contracts should offset gains and losses on the underlying assets, liabilities and transactions to which they are related.

The following schedule summarizes the Company's net foreign exchange positions in U.S. dollars (in millions):

	As of December 31,			
	2023		2022	
	Buy (Sell)	Notional Amount	Buy (Sell)	Notional Amount
Philippine Peso	47.3	47.3	63.9	63.9
Euro	64.6	64.6	26.0	26.0
Korean Won	(14.3)	14.3	35.7	35.7
Japanese Yen	55.2	55.2	27.0	27.0
Czech Koruna	16.8	16.8	41.7	41.7
Other currencies - Buy	54.4	54.4	66.5	66.5
Other currencies - Sell	(9.6)	9.6	(11.2)	11.2
	<u>\$ 214.4</u>	<u>262.2</u>	<u>\$ 249.6</u>	<u>\$ 272.0</u>

Amounts receivable or payable under the contracts were not material as of December 31, 2023 and 2022, and are included in other current assets or accrued expenses and other current liabilities in the accompanying Consolidated Balance Sheets. For the years ended December 31, 2023, 2022 and 2021, realized and unrealized foreign currency transactions totaled a loss of \$7.9 million, \$0.7 million and \$0.8 million, respectively. The realized and unrealized foreign currency transactions are included in other income (expense) in the Company's Consolidated Statements of Operations and Comprehensive Income.

Cash Flow Hedges

Foreign currency risk

During 2023, the Company entered into foreign currency forward contracts to hedge its exposure to foreign currency exchange rate risk related to future forecasted transactions denominated in certain currencies other than the U.S. Dollar. These contracts generally mature within 12 months and are designated as cash flow hedges for accounting purposes.

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

As of December 31, 2023, the notional value of outstanding foreign currency forward contracts designated as cash flow hedges was \$92.2 million, with a fair value of \$0.9 million recorded as other current assets. A loss of \$0.1 million was recognized as a component of cost of revenues for the year ended December 31, 2023. The Company did not identify any ineffectiveness with respect to the notional amounts of the foreign currency forward contracts effective as of December 31, 2023.

Interest rate risk

During 2023, the Company terminated its interest rate swap agreements with a notional value of \$500 million for fiscal years 2023 and 2024, respectively, received cash proceeds of \$27.7 million, net of termination fees, and recognized \$6.9 million of other income related to the termination. Approximately \$20.7 million was recorded in Accumulated Other Comprehensive Income, which will be recognized to other income through December 2024.

As of December 31, 2022, the Company had interest rate swap agreements for notional amounts of \$750.0 million, \$500.0 million and \$500.0 million for fiscal years 2022, 2023 and 2024, respectively. The fair value of the interest rate swaps totaled \$36.0 million as of December 31, 2022, which was classified based on each instrument's maturity dates.

See Note 17: "Changes in Accumulated Other Comprehensive Loss" for the effective amounts related to derivative instruments designated as cash flow hedges affecting accumulated other comprehensive loss and the Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2023.

Convertible Note Hedges

The Company entered into convertible note hedges in connection with the issuance of the 0% Notes, 0.50% Notes and 1.625% Notes.

Other

As of December 31, 2023, the Company had no outstanding commodity derivatives, currency swaps, options or equity investments held at subsidiaries or affiliated companies. The Company does not hedge the value of its equity investments in its subsidiaries or affiliated companies.

The Company is exposed to credit-related losses if its hedge counterparties fail to perform their obligations. As of December 31, 2023, the counterparties to the Company's hedge contracts are held at financial institutions which the Company believes to be highly rated, and no credit-related losses are anticipated.

Note 16: Income Taxes

The Company's geographic sources of income before income taxes are as follows (in millions):

	Year ended December 31,		
	2023	2022	2021
United States	\$ 2,222.2	\$ 1,979.8	\$ 873.2
Foreign	313.6	382.4	284.6
Income before income taxes	<u>\$ 2,535.8</u>	<u>\$ 2,362.2</u>	<u>\$ 1,157.8</u>

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

The Company's provision for income taxes is as follows (in millions):

	Year ended December 31,		
	2023	2022	2021
Current:			
Federal	\$ 372.7	\$ 331.9	\$ 8.0
State and local	21.6	31.8	4.8
Foreign	76.9	73.8	43.3
	<u>471.2</u>	<u>437.5</u>	<u>56.1</u>
Deferred:			
Federal	(107.9)	(36.9)	89.2
State and local	13.2	25.7	7.8
Foreign	(26.3)	32.1	(6.5)
	<u>(121.0)</u>	<u>20.9</u>	<u>90.5</u>
Total provision	<u>\$ 350.2</u>	<u>\$ 458.4</u>	<u>\$ 146.6</u>

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Year ended December 31,		
	2023	2022	2021
U.S. federal statutory rate	21.0 %	21.0 %	21.0 %
Increase (decrease) resulting from:			
State and local taxes, net of federal tax benefit	0.7	1.7	1.4
Impact of foreign operations	0.3	1.7	(2.0)
Foreign derived intangible income benefit	(6.8)	(7.4)	(7.8)
Nondeductible goodwill	—	3.1	—
Change in valuation allowance and related effects (1)	0.5	(0.1)	(0.4)
Share-based compensation costs	(0.2)	(0.5)	(0.1)
U.S. federal R&D credit	(0.4)	(0.2)	(0.4)
Non-deductible officer compensation	0.3	0.3	0.4
Impact of audit settlement	(1.8)	—	—
Other (2)	0.2	(0.2)	0.6
Total	<u>13.8 %</u>	<u>19.4 %</u>	<u>12.7 %</u>

- (1) For the year ended December 31, 2023, this included a benefit of \$13.7 million, or 0.5% related to a decrease in the valuation allowance for the expiration of Japan net operating losses ("NOLs"), partially netted with an offsetting expense of \$15.3 million or 0.6% related to the expiration of those same Japan NOLs. For the year ended December 31, 2022, this included a benefit of \$55.6 million, or 2.4% related to a decrease in the valuation allowance for the expiration of Japan NOLs, partially netted with an offsetting expense of \$54.3 million, or 2.3% related to the expiration of those same Japan NOLs. For the year ended December 31, 2021, this included a benefit of \$26.3 million, or 2.2% related to a decrease in the valuation allowance for the expiration of Japan NOLs, partially netted with an offsetting expense of \$22.6 million, or 1.9% related to the expiration of those same Japan NOLs.
- (2) For the year ended December 31, 2021, this included an expense of \$8.5 million, or 0.7%, related to an election to waive Base Erosion Anti-Abuse Tax ("BEAT") deductions for all U.S. federal tax purposes for the 2021 tax year.

The Company's effective tax rate for 2023 was 13.8%, which differs from the U.S. federal income tax rate of 21%, primarily due to the benefit received from the Section 250 deduction related to FDII and a benefit due to the net release of unrecognized tax benefits as a result of effective settlement with tax authorities and lapse in statute of limitations.

The Company's effective tax rate for 2022 was 19.4%, which differs from the U.S. federal income tax rate of 21%, primarily due to the benefit received from the Section 250 deduction related to FDII, partially offset by the impact of nondeductible goodwill.

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

The Company's effective tax rate for 2021 was 12.7%, which differs from the U.S. federal income tax rate of 21%, primarily due to the benefit received from the Section 250 deduction related to FDII.

The tax effects of temporary differences in the recognition of income and expense for tax and financial reporting purposes that give rise to significant portions of the net deferred tax asset (liability) are as follows (in millions):

	As of December 31,	
	2023	2022
NOL and tax credit carryforwards	\$ 227.6	\$ 221.6
163 (j) interest expense carryforward	4.6	5.1
Lease liabilities	59.7	65.0
ROU asset	(58.9)	(60.9)
Tax-deductible goodwill and amortizable intangibles	(32.2)	(35.9)
Capitalization of research and development expenses	419.9	311.4
Reserves and accruals	60.2	79.1
Property, plant and equipment	(165.1)	(156.3)
Inventories	134.2	78.3
Undistributed earnings of foreign subsidiaries	(67.7)	(64.2)
Share-based compensation	9.7	7.5
Pension	5.8	7.5
Convertible Debt	108.1	27.0
Other	6.5	9.8
Deferred tax assets and liabilities before valuation allowance	712.4	495.0
Valuation allowance	(150.3)	(152.4)
Net deferred tax asset	<u>\$ 562.1</u>	<u>\$ 342.6</u>

We have investment tax credits, which are accounted for pursuant to ASC 740, in Korea and the Czech Republic. We use the deferral method of accounting for investment tax credits under which the credits are recognized as reductions in the carrying value of the related assets. Deferred tax related to differences in GAAP versus tax carrying value is recorded pursuant to the gross-up method.

As of December 31, 2023 and 2022, the Company had approximately \$22.2 million and \$50.4 million, respectively, of U.S. federal NOL carryforwards, before the impact of unrecognized tax benefits. The decrease is due to current year utilization. These NOL carryforwards can be carried forward indefinitely until utilized. As of December 31, 2023 and 2022, the Company had approximately \$6.6 million and \$2.1 million, respectively, of U.S. federal credit carryforwards, before consideration of the impact of unrecognized tax benefits and the valuation allowance. The credits will expire in 2033 if unutilized. These NOL and credit carryforwards relate to acquisitions and, consequently, are limited in the amount that can be utilized in any one year.

As of December 31, 2023 and 2022, the Company had approximately \$273.3 million and \$324.6 million, respectively, of U.S. state NOL carryforwards, before consideration of valuation allowance or the impact of unrecognized tax benefits. The decrease is primarily due to current year utilization. The U.S. state NOL carryforwards will expire in varying amounts from 2024 to 2040, if unutilized. As of December 31, 2023 and 2022, the Company had \$111.8 million and \$123.5 million, respectively, of U.S. state credit carryforwards before consideration of valuation allowance or the impact of unrecognized tax benefits. The U.S. state credits will expire in varying amounts beginning in 2024 while a substantial amount of the state credits carryforward indefinitely.

As of December 31, 2023 and 2022, the Company had approximately \$232.3 million and \$268.3 million, respectively, of foreign NOL carryforwards, before consideration of valuation allowance. The decrease is primarily due to the expiration of Japan NOLs. As of December 31, 2023 and 2022, the Company had \$93.5 million and \$65.7 million, respectively, of foreign credit carryforwards before consideration of valuation allowance. A significant portion of the foreign NOLs and credit carryforwards will expire in varying amounts prior to 2025, if unutilized.

The Company maintains a partial valuation allowance of \$76.0 million on its U.S. state deferred tax assets, primarily NOLs and credits. The remaining valuation allowance primarily relates to NOLs and tax credits in certain other foreign jurisdictions that

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

primarily expire in 2025.

As of December 31, 2023, the Company was not indefinitely reinvested with respect to the earnings of its foreign subsidiaries and has therefore accrued withholding taxes that would be owed upon future distributions of such earnings.

The activity for unrecognized gross tax benefits is as follows (in millions):

	2023	2022	2021
Balance at beginning of year	\$ 136.8	\$ 137.2	\$ 151.0
Acquired balances	—	—	9.3
Additions for tax benefits related to the current year	3.4	3.3	3.1
Additions for tax benefits of prior years	0.7	0.5	—
Reductions for tax benefits of prior years	(48.0)	(0.3)	(19.7)
Lapse of statute	(9.9)	(3.8)	(2.7)
Settlements	(15.3)	(0.1)	(3.8)
Balance at end of year	<u>\$ 67.7</u>	<u>\$ 136.8</u>	<u>\$ 137.2</u>

Included in the December 31, 2023 balance of \$67.7 million is \$25.1 million related to unrecognized tax benefits that, if recognized, would affect the annual effective tax rate. Also included in the balance of unrecognized tax benefits as of December 31, 2023 is \$42.6 million of benefit that, if recognized, would result in adjustments to other tax accounts, primarily deferred taxes. Although the Company cannot predict the timing of resolution with taxing authorities, if any, the Company believes it is reasonably possible that its unrecognized tax benefits will be reduced by \$3.9 million in the next 12 months due to settlement with tax authorities or expiration of the applicable statute of limitations.

The Company recognizes interest and penalties accrued related to uncertain tax positions in tax expense in the Consolidated Statements of Operations and Comprehensive Income. The Company recognized approximately \$0.8 million of net tax benefit and \$1.4 million of tax expense and \$3.3 million of net tax benefit for interest and penalties during the year ended December 31, 2023, 2022 and 2021, respectively. The Company had approximately \$2.0 million, \$2.7 million, and \$1.3 million of accrued interest and penalties as of December 31, 2023, 2022, and 2021, respectively.

The Company has completed its IRS examination for the 2017 and 2018 tax years. The Company has recognized a reduction in unrecognized tax benefits due to the effective settlement with the IRS and lapse in statute of limitations. Tax years prior to 2020 are generally not subject to examination by the IRS. For state tax returns, the Company is generally not subject to income tax examinations for tax years prior to 2019. With respect to jurisdictions outside the United States, the Company is generally not subject to examination for tax years prior to 2013.

Note 17: Changes in Accumulated Other Comprehensive Loss

Amounts comprising the Company's accumulated other comprehensive loss and reclassifications are as follows (in millions):

	Currency Translation Adjustments	Effects of Cash Flow Hedges	Total
<i>Balance December 31, 2021</i>	\$ (44.4)	\$ 3.8	\$ (40.6)
Other comprehensive income (loss) prior to reclassifications	(6.0)	14.5	8.5
Amounts reclassified from accumulated other comprehensive loss	—	8.9	8.9
Net current period other comprehensive income (loss) (1)	(6.0)	23.4	17.4
<i>Balance December 31, 2022</i>	(50.4)	27.2	(23.2)
Other comprehensive income (loss) prior to reclassifications	(2.1)	0.9	(1.2)
Amounts reclassified from accumulated other comprehensive loss	—	(20.8)	(20.8)
Net current period other comprehensive loss (1)	(2.1)	(19.9)	(22.0)
<i>Balance December 31, 2023</i>	<u>\$ (52.5)</u>	<u>\$ 7.3</u>	<u>\$ (45.2)</u>

(1) Effects of cash flow hedges are net of tax expense of \$0.2 million and \$7.0 million for the years ended December 31, 2023 and 2022, respectively.

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

Amounts reclassified from accumulated other comprehensive loss to the specific caption within the Consolidated Statements of Operations and Comprehensive Income were as follows:

	Year Ended December 31,		To caption
	2023	2022	
Cash Flow Hedges	\$ (0.1)	\$ —	COGS
Interest rate swaps	(13.8)	(8.9)	Interest expense
Interest rate swaps terminations	(6.9)	—	Other Income
Total reclassifications	\$ (20.8)	\$ (8.9)	

Note 18: Supplemental Disclosures

Supplemental Disclosure of Cash Flow Information

Certain of the Company's cash and non-cash activities were as follows (in millions):

	Year ended December 31,		
	2023	2022	2021
Non-cash investing activities:			
Capital expenditures in accounts payable and other long-term liabilities	\$ 303.0	\$ 324.8	\$ 150.7
Divestiture/Sale of property in exchange for note receivable	—	—	7.5
Operating ROU assets obtained in exchange of lease liabilities	25.8	140.1	69.3
Finance ROU assets obtained in exchange of lease liabilities	—	25.4	22.3
Amount due to seller in connection with the EFK acquisition	—	236.3	—
Cash paid for:			
Interest expense	\$ 73.2	\$ 80.7	\$ 96.9
Income taxes	428.2	443.2	88.2
Operating lease payments in operating cash flows	45.7	42.5	42.1

Following is a reconciliation of the captions in the Consolidated Balance Sheets to the Consolidated Statements of Cash Flows (in millions):

	As of December 31,		
	2023	2022	2021
Consolidated Balance Sheets:			
Cash and cash equivalents	\$ 2,483.0	\$ 2,919.0	\$ 1,352.6
Restricted cash (included in other current assets)	2.0	14.0	20.1
Restricted cash (included in other non-current assets)	—	—	5.0
Cash, cash equivalents and restricted cash in Consolidated Statements of Cash Flows	\$ 2,485.0	\$ 2,933.0	\$ 1,377.7

Note 19: Subsequent Events

During the first quarter of 2024, management made the following changes to its segment reporting structure:

- The existing divisions within the PSG reportable segment were reorganized from the divisions of Advanced Power Division, and Integrated Circuits, Protection and Signal Division (IPS) to the divisions of Automotive Power Division ("APD"), Industrial Power Division ("IPD"), and Multi-Market Power Division ("MPD"). Further, the IPS division was split with portions remaining in MPD and portions moving to the new IPS division within the ASG reportable segment.

Management performed a goodwill impairment analysis on the divisions (which were the reporting units) prior to the reorganization and did not identify an impairment. Goodwill assigned to previous reporting units will be reallocated to the new reporting units based on the relative fair value of the businesses transferred. Additionally, the reportable segment footnote in Form 10-Q for the quarter ending March 29, 2024 and subsequent filings will include the revised disclosures with corresponding information for earlier periods along with the current period information.

ON SEMICONDUCTOR CORPORATION
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(in millions)

Description	Balance at Beginning of Period	Charged (Credited) to Costs and Expenses	Charged to Other Accounts	Deductions/Write-offs	Balance at End of Period
<i>Allowance for deferred tax assets</i>					
Year ended December 31, 2021	\$ 249.9	\$ 3.3	\$ 8.7 (3)	\$ (34.5) (2)	\$ 227.4
Year ended December 31, 2022	227.4	7.0	(16.7) (1)	(65.3) (2)	152.4
Year ended December 31, 2023	152.4	0.4	0.2 (1)	(2.7) (2)	150.3

-
- (1) Primarily represents the effects of cumulative translation adjustments.
- (2) Primarily relates to the expiration of Japan net operating losses. See Note 16: "Income Taxes" in the notes to our audited consolidated financial statements included elsewhere in this Form 10-K.
- (3) Primarily relates to additional valuation allowance of \$22.0 million arising from the GTAT acquisition partially offset by cumulative translation adjustments.

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this “Agreement”), dated as of [EFFECTIVE DATE], 20[●] (the “Effective Date”), is entered into by and between Semiconductor Components Industries, LLC (the “Company”), a wholly-owned subsidiary of ON Semiconductor Corporation, a Delaware Corporation (the “Parent”), and [●] (the “Executive”). Executive and the Company are individually referred to as a “Party” and together as the “Parties.” In consideration of the mutual covenants, promises, and obligations set forth herein, the Parties agree as follows:

1. Employment.

(a) *Title and Employment Period.* The Company agrees to employ Executive as “Senior Vice President, [●]” of the Company, subject to the terms and conditions set forth in this Agreement until Executive’s employment is terminated under Section 3. The period during which Executive is employed under this Agreement is referred to as the “Employment Period.”

(b) *Reporting Relationship Duties.* Executive will report to the President and Chief Executive Officer of the Parent (the “CEO”) and will have such duties and responsibilities as the CEO may reasonably determine are consistent with Executive’s position, including providing services to Parent and other affiliates of the Company. Executive agrees to perform such additional services without additional compensation.

(c) *Employee Covenants.* During the Employment Period, excluding any periods of vacation or sick leave under the Company’s policies, Executive will devote Executive’s best efforts and full working time, energy, and attention to performing Executive’s duties and responsibilities and will faithfully and diligently endeavor to promote the business and best interests of the Company; provided that Executive may manage Executive’s personal, financial and legal affairs, so long as such activities do not interfere with Executive’s duties and responsibilities to the Company and its affiliates. Executive agrees to abide by the Company’s personnel policies and procedures as interpreted, adopted, revised, or deleted from time to time in the Company’s discretion; provided that, if the terms of this Agreement conflict with the Company’s personnel policies and procedures, this Agreement controls.

(d) *Prior Agreements.* The Company and Executive previously entered into an Employment Agreement, dated as of [●] (the “Prior Agreement”). The Prior Agreement, and any other offer letter or similar agreement between Executive and the Company or any affiliate of the Company, are hereby replaced and superseded by this Agreement and are no longer of any force or effect.

2. Compensation and Benefits. Executive will be entitled to the following compensation and benefits during the Employment Period:

(a) *Base Salary.* The Company will pay Executive an annual base salary of approximately \$[●] per year; provided that such rate of base salary will be subject to annual review and adjustment as determined by the CEO and the Human Capital and Compensation Committee (the “Committee”) of the Parent’s Board of Directors (the “Board”). Executive’s annual rate of base salary (as may be so adjusted) is referred to in this Agreement as Executive’s “Base Salary.”

(b) *Bonuses.* Executive will be eligible to earn annual or more frequent cash bonuses (each a “Bonus” and, collectively, the “Bonuses”), with a “target” annual Bonus opportunity of [●]% of Executive’s Base Salary; provided that such amount will be subject to annual review and

adjustment as determined by the CEO and the Committee. Bonuses may have annual or shorter performance periods and may be paid annually or more frequently. If a Bonus performance period is a full year, Executive's target annual Bonus opportunity (as may have been adjusted by the CEO and the Committee) is referred to in this Agreement as Executive's "Annual Target Bonus Opportunity." If a Bonus performance period relates to less than a full year, Executive's Annual Target Bonus Opportunity will be prorated to reflect such shorter period and such prorated Annual Target Bonus Opportunity will be referred to in this Agreement as Executive's "Prorated Target Bonus Opportunity." The actual Bonus earned, if any, will be based on the level of achievement of applicable performance criteria determined by the CEO and the Committee, and may be more or less than Executive's Annual Target Bonus Opportunity or, if applicable, Prorated Target Bonus Opportunity. Any Bonus earned with respect to a performance period will be paid as soon as reasonably practicable after achievement of the applicable performance criteria has been determined following completion of the applicable performance period. Except as provided otherwise in Section 4, to be eligible to earn a Bonus, Executive must remain actively employed by the Company through the date the Bonus is paid.

(c) *Equity Awards.* Executive will be eligible to participate in the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan, as may be amended from time to time, or any successor equity incentive plan in which similarly situated executives participate; provided that Executive's entitlement to receive awards under such plan or plans will be subject to approval by the Committee or such other committee or person who has been delegated authority to grant awards to Executive. Any awards so granted to Executive will be governed by the terms of the plan under which the award is granted and an award agreement.

(d) *Vacation and Employee Benefits.* Executive will be entitled to vacation in accordance with Company policy, and Executive will be eligible to participate in employee benefit plans and programs consistent with that of other similarly situated employees of the Company, subject to satisfying applicable eligibility requirements and plan terms (but excluding any plans or benefits relating to severance or continuation pay). The Company and its affiliates may adopt, amend, terminate, or modify employee benefit plans and arrangements at any time.

(e) *Expense Reimbursement.* Subject to applicable expense reimbursement policies in effect from time to time, the Company will reimburse Executive for reasonable and customary business expenses incurred in connection with Executive's employment.

3. Termination of Employment.

(a) *At-Will Employment.* Executive's employment is "at-will," which means it may be terminated by the Company or by Executive at any time for any reason. Any termination of Executive's employment by the Company or by Executive (other than a termination on account of Executive's death) will be communicated by written "Notice of Termination" to the other Party in accordance with Section 9(a).

(b) *Death.* Executive's employment will terminate on the date of Executive's death if Executive dies during the Employment Period.

(c) *Disability.* Executive's employment will be terminated due to "Disability" if the Company terminates Executive's employment due to Executive's inability to perform the essential functions of Executive's position due to a physical or mental condition with or without an accommodation for a period of 90 consecutive days or 180 days in the aggregate during any 12-month period, or the Company determines based on the written certification of two licensed physicians that the condition will continue for such periods; provided that the Company delivers a Notice of Termination to Executive that Executive's employment is being terminated due to

Disability following such applicable period, and Executive does not return to the performance of Executive's duties on a full-time basis within 30 days after such Notice of Termination is delivered.

(d) *Cause*. Executive's employment will be terminated for "Cause" if the Company terminates Executive's employment for any of the following reasons: (i) a material breach by Executive of this Agreement or the Company's Code of Business Conduct (as may be amended or superseded); (ii) the failure by Executive to reasonably and substantially perform Executive's duties hereunder (other than as a result of Disability); (iii) Executive's willful misconduct or gross negligence which is materially injurious to the Company; or (iv) the commission by Executive of a felony or other serious crime involving moral turpitude; provided that Executive's employment will not be terminated for Cause unless, for clauses (i) and (ii) above, the Company provides Notice of Termination to Executive indicating in reasonable detail the events or circumstances that it believes constitute Cause and, if such breach or failure is reasonably capable of cure, Executive fails to cure such breach or failure within 30 days following delivery of such notice. Except for a termination under clause (ii) above, if, after Executive's termination of employment for any reason other than Cause, it is determined in good faith by the Board or the CEO that Executive's employment could have been terminated for Cause, Executive's employment will, at the election of the Board or the CEO, as applicable, be deemed to have been terminated for Cause; provided that if the retroactive determination of Cause is based on clause (i) above for material breach, and if such breach is reasonably capable of cure, the Company will provide Executive with a reasonable period of time (not to exceed 30 days) to cure such breach.

(e) *Without Cause*. Executive's employment will be terminated by the Company without Cause if the Company terminates Executive's employment for any reason other than: (i) for Cause; or (ii) due to Executive's Disability.

(f) *Good Reason*. Executive's employment will be terminated for "Good Reason" if Executive terminates employment following the occurrence of any of the following events without Executive's written consent: (i) a material breach of this Agreement by the Company; (ii) a reduction in Executive's Base Salary or target annual cash bonus opportunity, in each case, as in effect immediately prior to such reduction, while at the same time not proportionately reducing the base salaries or target annual cash bonus opportunities, as applicable, of other comparable officers of the Company; (iii) a material and continued diminution of Executive's duties and responsibilities, unless Executive is provided with comparable duties and responsibilities in a comparable position (*i.e.*, a position of equal or greater duties and responsibilities); or (iv) following a Change in Control, the Company requires Executive to relocate Executive's principal place of employment to a location that is greater than 50 miles from the Company's current headquarters in Scottsdale, Arizona; provided that in all cases, Executive's employment will not be terminated by Executive for Good Reason unless (A) Executive provides a Notice of Termination to the Company within 30 days after the occurrence of the event or events that Executive believes constitute Good Reason and describes in such notice in reasonable detail such event or events, (B) the Company has the opportunity to cure such event or events within 30 days after delivery of such notice and fails to cure the event or events, and (C) Executive's Date of Termination (as defined in Section 3(h)) occurs within 30 days after the expiration of the 30-day cure period.

(g) *By Executive Other Than for Good Reason*. Executive's employment will be terminated other than for Good Reason if Executive terminates employment for any reason other than Good Reason (and, for avoidance of doubt, other than due to Executive's death).

(h) *Date of Termination*. For purposes of this Agreement, "Date of Termination" means: (i) if Executive's employment is terminated due to Executive's death, the date of death;

and (ii) if Executive's employment is terminated for any other reason, the date specified in the Notice of Termination, provided that such date will not be earlier than: (A) 30 days after the Notice of Termination is delivered if the termination is by the Company due to Executive's Disability or by Executive for Good Reason, and (B) 90 days after the Notice of Termination is delivered if the termination is by Executive other than for Good Reason; provided that if Executive terminates employment with or without Good Reason, the Company may accelerate the Date of Termination specified in the Notice of Termination.

(i) *Resignation as an Officer and Director.* If Executive's employment with the Company terminates for any reason, Executive will be deemed to immediately resign from all positions (including, but not limited to, as an officer and/or director) of the Company and all of its affiliates. Executive agrees to execute all documents reasonably requested by the Company in order to effect such resignation(s).

4. Entitlements Upon Termination. This Section 4 describes Executive's entitlements resulting from a termination of employment.

(a) *Accrued Obligations.* Upon termination of Executive's employment for any reason, Executive (or, in the case of Executive's death, Executive's estate) will be entitled to: (i) any unpaid salary earned through the Date of Termination, payable in accordance with applicable law and Company policy; (ii) reimbursement of any unreimbursed business expenses properly incurred by Executive in accordance with Company policy before Executive's Date of Termination, provided claims for such reimbursement (accompanied by appropriate supporting documentation) are submitted to the Company within 30 days following the Date of Termination; and (iii) compensation and employee benefits, if any, as to which Executive has a vested entitlement under the applicable compensation and employee benefit plan or agreement (clauses (i), (ii) and (iii) collectively referred to as the "Accrued Obligations").

(b) *Severance Entitlements.*

(i) *Termination Without Cause and Without a Change in Control.* In addition to the Accrued Obligations, if Executive's employment is terminated by the Company without Cause (and such termination does not occur within the Change in Control Period described in Section 4(b)(ii)), subject to satisfaction of the release and other requirements set forth in Section 5(b), Executive will be entitled to:

(1) continuation of Executive's Base Salary for one year following the Date of Termination;

(2) a prorated Bonus, if any, for the Bonus performance period in which the Date of Termination occurs, with such prorated Bonus equal to the product of (A) and (B), where (A) is the Bonus that would have been earned based on actual achievement of the applicable performance criteria over the full performance period, and (B) is a fraction, the numerator of which is the number of days Executive was employed in the Bonus performance period and the denominator of which is the total number of days in such performance period;

(3) if Executive's Date of Termination occurs after completion of a Bonus performance period, but before any Bonus earned with respect to such completed performance period has been paid, any such earned but unpaid Bonus relating to the completed performance period;

(4) if Executive elects to receive continued medical, dental, or vision coverage under one or more of the Company's or an affiliate's group healthcare plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company will directly pay, or reimburse Executive for, the COBRA premiums, less the amount Executive would have had to pay to receive group health coverage for Executive and Executive's covered dependents based on the cost sharing levels in effect for active employees at such time, for Executive and Executive's covered dependents under such plans during the period commencing on the Date of Termination and ending on the earliest of: (A) the one-year anniversary of the Date of Termination; and (B) the date on which Executive becomes eligible to receive healthcare coverage from a subsequent employer. The Company may include the fair market value of the cost of such payments or reimbursements in the Participant's taxable income; and

(5) outplacement services from vendors designated by the Company for a period of up to six months following the Date of Termination at a cost not to exceed \$10,000.

(ii) *Termination Without Cause or for Good Reason With a Change in Control.* In addition to the Accrued Obligations, if, within the period beginning on the date of a Change in Control (as defined below) and ending on the two-year anniversary of such date (the "Change in Control Period"), Executive's employment is terminated by the Company without Cause or by Executive for Good Reason, subject to satisfaction of the release and other requirements set forth in Section 5(b), Executive will be entitled to:

(1) the same severance entitlements described in Section 4(b)(i), except that the amount payable under Section 4(b)(i)(2) will be equal to Executive's Annual Target Bonus Opportunity (without proration), rather than a prorated bonus based on actual performance over the performance period;

(2) full vesting of any unvested portion of any outstanding time-based restricted stock units held by Executive as of the Date of Termination;

(3) pro rata vesting based on Executive's time of service to the Company during the applicable performance period of any PBRsUs underlying any outstanding award agreement on the later of (1) the Date of Termination, and (2) the date that achievement of the applicable financial performance criteria under such PBRsU award is determined by the Committee.

For purposes of this Agreement, a "Change in Control" will have the meaning set forth in the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan, as it may be amended or superseded from time-to-time.

(iii) *Other Terminations.* If Executive's employment is terminated for any reason not described in Sections 4(b)(i) or 4(b)(ii) (*i.e.*, a termination by the Company for Cause, a termination due to Executive's death or by the Company due to Executive's Disability, a termination by Executive other than for Good Reason, or a termination by Executive for Good Reason at any time other than during the Change in Control Period), Executive (or, in the case of Executive's death, Executive's estate) will only be entitled to the Accrued Obligations.

5. Timing of Severance Payments and Release Requirement.

(a) *Payment Timing.* Except as otherwise provided in Section 9(h): (i) the amount set forth in Sections 4(b)(i)(1) or Section 4(b)(ii)(1), as applicable, will be paid in accordance with the Company's ordinary payroll practices in effect from time to time and which will begin on the first Company payroll period immediately following the date on which the general release and waiver described below in Section 5(b) becomes irrevocable; and (ii) the amount set forth in Sections 4(b)(i)(2) or 4(b)(i)(3), as applicable, will be paid when bonuses are paid to active employees who earned a bonus under the same bonus program, as soon as reasonably practicable after achievement of the applicable performance criteria over the full performance period has been determined for active employees; provided that payment shall in all events be paid within two and one-half months after the end of the performance period unless it is determined that payment within such period would be administratively impracticable and may be made at a later date permitted under Treasury Regulation Section 1.409A-1(b)(4)(ii), in which case payment may be made at such later date permitted under Treasury Regulation Section 1.409A-1(b)(4)(ii).

(b) *Release and Compliance Requirements.* Notwithstanding any provision of this Agreement or any understanding to the contrary, in order to be eligible for and to receive the severance entitlements described in this Sections 4(b)(i) and 4(b)(ii), Executive must: (i) execute (and not revoke) and must continue to comply with the terms of a general release and waiver in substantially the form attached hereto as Exhibit A, subject to any applicable changes as may be required by law; and (ii) comply with this Agreement, including, without limitation, any post-termination obligations under Section 7. The release will be provided to Executive on or before the date that is five business days following the Date of Termination and Executive will have 21 days (or 45 days, if required for a release of age-related claims in connection with a group termination) following the date on which the release is given to Executive to sign and return the release to the Company. The release must be executed and returned to the Company within the time-period described in the release and it must not be revoked by Executive during the seven-day revocation period that will be described in the release. The severance entitlements described in Sections 4(b)(i) and 4(b)(ii) are in lieu of, and not in addition to, any benefits to which Executive may otherwise be entitled under any severance plan, policy, or program of the Company or an affiliate.

6. Directors' and Officers' Liability Insurance. During the Employment Period, Executive will be entitled to the same directors' and officers' liability insurance coverage that the Company provides generally to its other directors and officers, as may be amended from time to time for such directors and officers. This obligation continues after the Date of Termination.

7. Restrictive Covenants.

(a) *Confidentiality.* During the Employment Period, and at all times thereafter, Executive will: (i) keep confidential and not divulge, furnish, or make accessible to any person or entity any Confidential Information (as defined below); and (ii) use the Confidential Information solely for the purpose of performing Executive's duties of employment and not for Executive's own benefit or the benefit of any other person. For purposes of this Agreement, "Confidential Information" means all information of the Parent, the Company or any of their affiliates (in whatever form) which is not generally known to the public, including without limitation any inventions, processes, methods of distribution, Developments (as defined below), customer lists, or trade secrets. "Confidential Information" does not include information that: (A) is or becomes part of the public domain through no fault of Executive; (B) is already known to Executive and has been identified by Executive to the Company in writing prior to the commencement of Executive's employment with Company; or (C) is subsequently lawfully received by Executive

from a third Party not subject to confidentiality restrictions. If a temporal or geographic limitation on Executive's obligation not to use or disclose Confidential Information is required under applicable law, and this Section or any restriction(s) in it cannot otherwise be enforced, the Parties agree that Restricted Territory (defined below) and the two-year period after the Date of Termination will be the temporal and geographic limitations relevant to the contested restriction in this Section, provided, however, that this sentence will not apply to trade secrets of the Company, the Parent, or any of their affiliates, which are protected without temporal or geographic limitations under applicable law.

(b) *Permitted Disclosures.* Nothing in this Agreement will restrict or prohibit Executive from disclosing Confidential Information solely to the extent: (i) the Company provides its express prior written consent to such disclosure; (ii) it is necessary to perform the duties of Executive's employment; or (iii) as required by applicable law, valid court order, or authorized government agency, provided that (in regard to item (iii)) such disclosure does not exceed the extent of disclosure required by law, regulation, or order and Executive notifies the Company prior to disclosure, so that the Company may seek a protective order or other appropriate remedy as permitted by applicable law. Nothing in this Agreement prohibits Executive for providing information to government agencies, including, but not limited to, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration (or its state equivalent), and the Securities and Exchange Commission.

(c) *Defense of Trade Secrets Act Notice.* Nothing in this Agreement will prevent Executive from the disclosure of Confidential Information or trade secrets that: (i) is made: (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If Executive files a lawsuit alleging retaliation by Company for reporting a suspected violation of law, Executive may disclose Confidential Information or trade secrets related to the suspected violation of law or alleged retaliation to Executive's attorney and use the Confidential Information or trade secrets in the court proceeding if Executive or Executive's attorney: (x) files any document containing Confidential Information or trade secrets under seal; and (y) does not disclose Confidential Information or trade secrets, except pursuant to court order.

(d) *Non-Solicit of Employees.* Executive recognizes that the Company's employees are a valuable asset to the Company and represent a substantial investment of Company time and resources. Accordingly, during the Employment Period and for two years following the Date of Termination, Executive agrees not to, directly or indirectly, solicit or assist any other person or entity in soliciting any employee of the Parent, the Company, or any of their subsidiaries to perform services for any person or entity that are competitive to the Company or attempt to induce any such employee to leave the employment of the Parent, the Company, or their subsidiaries; provided, however, that the restrictions in this Section 7(d) only apply to such employees with whom Executive has obtained Confidential Information about or whom Executive had material contact with during the last 24 months before the Date of Termination; provided further, if Executive is terminated without Cause or Executive resigns for Good Reason (in accordance with this Agreement) at any time prior to the one-year anniversary of the date of this Agreement, then the obligations in this Section 7(d) will terminate and not apply after the Date of Termination.

(e) *Non-Compete.* Executive acknowledges that the services Executive provides the Company are unique, special, or extraordinary such that it would take a significant amount of time to replace Executive. Executive further acknowledges that Executive will have access to the

Company's customers, Confidential Information, and trade secrets such that the Company and their affiliates would suffer significant harm if Executive competed against the Company with any Competitive Business (as defined below). Accordingly, during the Employment Period and for one year following the Date of Termination, Executive agrees that Executive will not, directly or indirectly, provide Prohibited Services (as defined below) for any Competitive Business anywhere in the Restricted Territory (as defined below); provided, however, that if Executive is terminated without Cause or Executive resigns for Good Reason (in accordance with this Agreement) at any time prior to the 1-year anniversary of the date of this Agreement, then the obligations in this Section 7(e) will terminate and not apply after the Date of Termination. Nothing in this Agreement prohibits Executive from holding less than 1% of the outstanding voting shares of any publicly held company. In addition, if Executive is an attorney and applicable law prohibits non-competition restrictions on attorneys, nothing in this Agreement will prohibit Executive from practicing law as an attorney for a Competitive Business after the Date of Termination or providing Prohibited Services after the Date of Termination if such restriction would violate any rules of professional conduct to which Executive is subject. For purposes of this Agreement, the following terms are defined below:

(i) "Competitive Business" will mean any of the companies (or any of their parents, affiliates, or successors (including following any acquisition or change in control of any such company)) set forth on Schedule 1 hereto.

(ii) "Prohibited Services" means any services that: (1) are the same or substantially similar to the services Executive provided to the Company during the last 12 months before the Date of Termination; (2) are competitive to the Company; or (3) require the use of the Company's Confidential Information.

(iii) "Restricted Territory" means the 50 mile radius (and if 50 miles is determined by a court to be overly broad, then the 25 mile radius) of any of the following locations: (1) the Company's Scottsdale, Arizona office; (2) any Company business location at which Executive has worked on a regular or occasional basis during the last 24 months before the Date of Termination; (3) any county, parish, or similar political subdivision in the United States where Executive conducted business on behalf of the Company; (4) any county, parish, or similar political subdivision in the United States where Executive had responsibility for overseeing the Company's operations or directly supervising employees who worked in that location; or (5) any county, parish, or similar political subdivision outside the United States where Executive conducted business on behalf of the Company or had responsibility for conducting business on behalf of the Company during the last 12 months prior to the Date of Termination.

(f) *Return of Property.* Promptly after the Date of Termination, or at any time upon request by the Company, Executive will return to the Company all Company property, equipment, and any Confidential Information (in hard copy and electronic formats) in Executive's possession, including, without limitation, all drawings, blueprints, specifications, or other documents (in whatever form) of the Parent, the Company, or their affiliates, relating to any of their methods of distribution, any description of any formulas, or secret processes. Executive further agrees to permanently delete any such records residing on any computer or computer program in Executive's possession as of the Date of Termination. In addition, if Executive has used any personal computer, server, or email system to receive, store, review, prepare, or transmit any Confidential Information, Executive agrees to provide Company access to such systems as reasonably requested by the Company to verify that the necessary copying and/or deletion is completed.

(g) *Public Statement Termination.* If Executive's employment is terminated without Cause or Executive resigns with or without Good Reason, Executive and the Company will mutually agree in writing on the time, method, and content of any public announcement regarding Executive's termination of employment. Executive will not make any public statements that are inconsistent with the information mutually agreed in writing by the Parties.

(h) *Non-Disparagement.* During the Employment Period and at all times thereafter, Executive agrees not to make (or cause or encourage others to make) statements that defame or disparage the Parent, the Company, or their affiliates and any of their officers, directors, members, or executives. Executive agrees to cooperate with the Company in refuting any defamatory or disparaging remarks by any third Party made in respect of the Parent, the Company, their affiliates or their directors, members, officers or executives. This Section 7(h) does not, in any way, restrict or impede the Parties from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law, valid court order, or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order.

(i) *Invention Assignment.* Executive agrees to disclose to the Company all ideas, concepts, discoveries, inventions, innovations, designs, patents, trademarks, trade secrets, copyrights, and intellectual property relating to the Company's business that Executive conceives or creates, individually or jointly with others, during the course of Executive's employment (collectively referred to as "Developments"). As such, all such Developments are prepared as works for hire for the Company and all such Developments and all rights subsisting in, relating to or used in connection with the Developments will be solely owned and be the exclusive property of the Company. To the fullest extent allowed by applicable law, Executive agrees to assign and hereby assigns to the Company or the Company's designee all right, title, and interest in and to all such Developments made or conceived by Executive during the course of Executive's employment. Upon the Company's request, and at the Company's expense, Executive agrees to execute all instruments, including specific assignments required for securing or maintaining the Company's rights in such Developments. Where Executive has rights in the Developments that cannot be assigned to the Company, Executive hereby grants to the Company an unconditional, perpetual, exclusive, worldwide, royalty-free, fully paid license or sublicense to use such rights in any way and without any limitation whatsoever. Where such rights cannot be assigned, licensed or sublicensed to the Company, Executive hereby irrevocably and without any further compensation waives the enforcement of all such rights, and all claims and causes of action against the Company. This Agreement does not require Executive to assign any Development that: (a) is developed entirely on Executive's own time without using the Company's equipment, supplies, facilities, or Confidential Information; (b) is not related to the Company's actual or anticipated business, research, or development; and (c) does not result from work performed by Executive for the Company. In addition, this Agreement does not apply to any Development which qualifies fully for protection from assignment to the Company under any specifically applicable state law, regulation, rule, or public policy. Executive agrees that Schedule 2 identifies all Developments, if any, that Executive made, conceived, discovered, or developed (either alone or jointly with others) prior to Executive's employment by the Company that relate to the current or planned conduct of the Company's business, which Executive wishes to exclude from the scope of this Agreement.

(j) *Executive's Representations.* Executive represents that Executive's performance of services under this Agreement does not and will not violate any agreement or obligation that Executive may have with any current or former employers or other third parties. Executive further agrees that Executive will not use or disclose any confidential information of Executive's former employers or other third parties in connection with Executive's employment with the Company.

(k) *Cooperation.* Following termination of Executive's employment for any reason, if reasonably requested by the Company, Executive will fully cooperate with the Company in all matters relating to the winding up of and transfer of Executive's pending work to other employees as designated by the Company, including, but not limited to, assisting the Company with any litigation against the Company in which Executive was involved or is a witness; provided that the Company will make reasonable efforts to minimize disruption of Executive's other activities. The Company will reimburse Executive for reasonable expenses incurred in connection with such cooperation and, to the extent that Executive is required to spend substantial time on such matters, the Company will compensate Executive at an hourly rate based on Executive's Base Salary on the Date of Termination.

8. Injunctive Relief/Reasonableness. Executive acknowledges that the Company would suffer irreparable harm if Executive breaches any of the provision in Section 7. To limit or prevent such irreparable harm, the Company will be entitled to an injunction, specific performance, or other equitable relief, without posting any bond or other security and without limiting any other rights or remedies that the Company may have for breach of this Agreement. In any such action, Executive waives and agrees not to assert any claim or defense that the Company has an adequate remedy at law. Executive agrees to account for and pay over to the Company, the compensation, profits, monies, accruals, or other benefits derived or received by Executive as a result of any transaction constituting a breach (as determined by a court of competent jurisdiction) of any of the restrictive covenants provided in Section 7. If Executive violates any terms in Section 7, then the time periods set forth in the provisions at issue will be extended by the length of time during which Executive is in breach of any of such provisions. Executive acknowledges that the covenants contained in Section 7 are reasonable in scope and duration, do not and will not prevent Executive's ability to engage in Executive's livelihood or career, and are necessary to protect the Parent's, the Company's, and their affiliate's legitimate business interests.

9. Miscellaneous.

(a) *Notices.* Any notice or other communication required or permitted under this Agreement will be effective only if it is in writing and will be deemed to be given when delivered personally, emailed, or 4 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 (or if it is sent through any other method agreed upon in writing by the Parties) and, in each case, addressed as follows (or such other addresses as either Party may designate in writing to the other Party):

If to the Company:

Semiconductor Components Industries LLC
5701 North Pima Road
Scottsdale, Arizona 85250
Attention: Chief Legal Officer, c/o Legal Department

If to Executive, the address for Executive on file with the Company at the time of the notice.

(b) *Entire Agreement/Amendments/Waiver.* This Agreement will constitute the entire agreement among the Parties with respect to the subject matter hereof, and supersedes any and all prior oral or written understandings or agreements with respect to Executive's employment, including any offer letters (it being understood that, except as otherwise expressly stated in this Agreement, any equity awards granted to Executive will be governed by the relevant equity plan

document and related equity grant agreement and any other related documents). This Agreement is entered into without reliance on any representation other than contained in this Agreement and may be amended only in a writing signed by Executive and an authorized officer of the Company. No provision of this Agreement may be waived except in a writing signed by the Party or Parties against whom or which enforcement of such waiver is sought. The failure or delay of any Party to require the performance of any provision hereof by the other Party will in no way affect the full right to require such performance at any time thereafter, nor will the waiver by any Party of a breach of any provision hereof be deemed a waiver of any succeeding breach of that provision or any other provision of this Agreement.

(c) *Construction/Counterparts.* The Parties acknowledge and agree that each Party has reviewed and negotiated the terms and provisions of this Agreement and has had the opportunity to consult an attorney of their choosing before signing this Agreement. Accordingly, the terms of this Agreement will be construed fairly as to both Parties and not in favor or against either Party. This Agreement may be executed in several counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument. The headings in this Agreement are inserted for convenience of reference only and will not be a part of or control or affect the meaning of any provision hereof.

(d) *Successor/Assigns.* This Agreement is binding on and is for the benefit of the Parties and their respective successors, assigns, heirs, executors, administrators, and other legal representatives. Executive cannot assign this Agreement or any right or obligation hereunder. The Company may assign this Agreement to 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. As used in the Agreement, the “Company” will mean both the Company as defined above and any such successor that assumes this Agreement, by operation of law or otherwise.

(e) *Severability/Modification.* If any provision of this Agreement (or portion thereof) is deemed invalid, illegal, or unenforceable by a court of competent jurisdiction, such invalidity, illegality or unenforceability will not affect in any way the remaining provisions or portions of this Agreement, the balance of which will continue to be binding upon the Parties and treated as though originally set forth in this Agreement. The Parties agree that any such court is authorized to modify any such unenforceable provision in lieu of severing that provision in its entirety, by making such modification as it deems warranted to carry out the intent of the Parties as embodied herein to the maximum extent permitted by law.

(f) *Governing Law/Forum.* This Agreement will be governed by and construed in accordance with the laws of the State of Arizona, without regard to conflicts of law principles. Any action or proceeding by either of the Parties to enforce this Agreement will be brought only in a state or federal court located in Maricopa County, Arizona. The Parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

(g) *Withholdings.* The Company or an affiliate of the Company may withhold from any amounts payable to 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 Executive will be responsible for payment of all taxes in respect of the payments and benefits provided herein). In no event will Executive be entitled to a tax gross-up or tax reimbursement on amounts payable under this Agreement. The payments and other consideration to Executive under this Agreement will be made without right of offset.

(h) *Section 409A.* Notwithstanding anything set forth herein to the contrary: (i) no amount payable pursuant to this Agreement on account of Executive's termination of employment which constitutes a "deferral of compensation" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") will be paid unless and until Executive has incurred a "separation from service" (as that term is used in Section 409A of the Code); (ii) if Executive is a "specified employee" (as that term is used in Section 409A of the Code) as of the date of Executive's separation from service, no amount that constitutes a deferral of compensation for purposes of Section 409A of the Code that is payable on account of Executive's separation from service will be paid to Executive before the date (the "Delayed Payment Date") which is the first day of the seventh month after the date of Executive's separation from service or, if earlier, the date of Executive's death following such separation from service, and all such amounts that would, but for such delay, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date; and (iii) if the Company determines that the severance payments described in Sections 4(b)(i) or 4(b)(ii) constitute a deferral of compensation for purposes of Section 409A of the Code, and the consideration period and seven-day revocation period described in the release described in Section 5(b), spans calendar years, the severance payments will not begin or be paid until the second calendar year. Each installment payment hereunder will be treated as a separate payment for purposes of Section 409A of the Code. Any reimbursements or in-kind benefits provided to or for the benefit of Executive that constitute a "deferral of compensation" for purposes of Section 409A of the Code will be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv). Accordingly, (x) all such reimbursements will be made not later than the last day of the calendar year after the calendar year in which the expenses were incurred, (y) any right to such reimbursements or in-kind benefits will not be subject to liquidation or exchange for another benefit, and (z) the amount of the expenses eligible for reimbursement, or the amount of any in-kind benefit provided, during any taxable year will not affect the amount of expenses eligible for reimbursement, or the in-kind benefits provided, in any other taxable year. The Company intends that income provided to Executive pursuant to this Agreement will not be subject to taxation under Section 409A of the Code. The provisions of this Agreement will be interpreted and construed in favor of satisfying any applicable requirements of Section 409A of the Code or an applicable exemption thereunder. However, the Company does not guarantee any particular tax effect for income provided to Executive pursuant to this Agreement. In any event, except for the Company's responsibility to withhold applicable income and employment taxes from compensation paid or provided to Executive, the Company will not be responsible for the payment of any applicable taxes on compensation paid or provided to Executive pursuant to this Agreement. Notwithstanding the foregoing, if this Agreement or any benefit paid to Executive hereunder is deemed to be subject to Section 409A of the Code, Executive consents to the Company adopting such conforming amendments as the Company deems necessary, in its sole discretion, to comply with Section 409A of the Code, without reducing the amounts of any benefits due to Executive hereunder.

(i) *Clawbacks.* By signing this Agreement, Executive agrees to be bound by, and comply with the terms of the compensation recovery policy or policies (and related practices) of the Company or its affiliates as such may be in effect from time to time. Without limiting the prior sentence, Executive acknowledges and agrees that Executive is subject to the Company's Executive Compensation Recovery (Clawback) Policy (as may be amended or superseded from time to time) and is a "covered person" thereunder.

10. Section 280G of the Code.

(a) Sections 280G and 4999 of the Code may place significant tax burdens on both Executive and the Company if the total payments made to Executive due to certain change in control events described in Section 280G of the Code (the "Total Change in Control Payments")

equal or exceed Executive's 280G Cap. For this purpose, Executive's "280G Cap" is equal to Executive's average annual compensation in the five calendar years preceding the calendar year in which the change in control event occurs (the "Base Period Income Amount") times three. If the Total Change in Control Payments equal or exceed the 280G Cap, Section 4999 of the Code imposes a 20% excise tax (the "Excise Tax") on all amounts in excess of one times Executive's Base Period Income Amount. In determining whether the Total Change in Control Payments will equal or exceed the 280G Cap and result in the imposition of an Excise Tax, the provisions of Sections 280G and 4999 of the Code and the applicable Treasury Regulations will control over the general provisions of this Section 10. All determinations and calculations required to implement the rules set forth in this Section 10 will take into account all applicable federal, state, and local income taxes and employment taxes (and for purposes of such calculations, Executive will be deemed to pay income taxes at the highest combined federal, state and local marginal tax rates for the calendar year in which the Total Change in Control Payments are to be made, less the maximum federal income tax deduction that could be obtained as a result of a deduction for state and local taxes (the "Assumed Taxes").

(b) Subject to the "best net" exception described in Section 10(c), in order to avoid the imposition of the Excise Tax, the total payments to which Executive is entitled under this Agreement or otherwise will be reduced to the extent necessary to avoid equaling or exceeding the 280G Cap, with such reduction first applied to the cash severance payments that Executive would otherwise be entitled to receive pursuant to this Agreement and thereafter applied in a manner that will not subject Executive to tax and penalties under Section 409A of the Code. Any reduction in payments and/or benefits pursuant to this Section 10(b) will occur in the following order: (i) reduction of cash payments; (ii) cancellation of accelerated vesting of equity awards other than stock options; (iii) cancellation of accelerated vesting of stock options; and (iv) reduction of other benefits payable to you. Notwithstanding the foregoing, any reduction in payments pursuant to this Section 10(b) will be made in compliance with Section 409A of the Code.

(c) If Executive's Total Change in Control Payments minus the Excise Tax and the Assumed Taxes (payable with respect to the amount of the Total Change in Control Payments) exceeds the 280G Cap minus the Assumed Taxes (payable with respect to the amount of the 280G Cap), then the total payments to which Executive is entitled under this Agreement or otherwise will not be reduced pursuant to Section 10(b). If this "best net" exception applies, Executive will be fully responsible for paying any Excise Tax (and income or other taxes) that may be imposed on Executive pursuant to Section 4999 of the Code or otherwise. The Company will engage a law firm, a certified public accounting firm, and/or a firm of reputable executive compensation consultants (the "Consultant") to make any necessary determinations and to perform any necessary calculations required in order to implement the rules set forth in this Section 10. The Consultant will provide detailed supporting calculations to both the Company and Executive and all fees and expenses of the Consultant will be borne by the Company. If the provisions of Section 280G and 4999 of the Code are repealed without succession, this Section 10 will be of no further force or effect. In addition, if this provision does not apply to Executive for whatever reason, this Section will be of no further force or effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Agreement on [EXECUTION DATE, to be effective as of] the Effective Date.

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

Name: [SIGNATORY]
Title: [TITLE]

EXECUTIVE

Name: [●]

SCHEDULE 1
COMPETITIVE BUSINESS

Infineon Technologies AG

STMicroelectronics N.V.

Renesas Electronics Corporation

NXP Semiconductors N.V.

Diodes Incorporated

Wolfspeed, Inc.

SCHEDULE 2

EXECUTIVE DEVELOPMENT DISCLOSURE

1. CONFIDENTIAL INFORMATION

EXCEPT AS SET FORTH BELOW, I ACKNOWLEDGE THAT AT THIS TIME I KNOW NOTHING ABOUT THE BUSINESS OR PROPRIETARY INFORMATION OF SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC (THE "COMPANY"), OTHER THAN INFORMATION I HAVE LEARNED FROM THE COMPANY IN THE COURSE OF BEING HIRED OR INFORMATION THAT I HAVE LEARNED FROM THE PUBLIC DOMAIN:

(Check here if continued on additional attached sheets)

2. EXCLUDED DEVELOPMENTS

I have made no Developments prior to my employment with the Company that relate to the current or planned conduct of the Company's business and that are owned by me (either alone or jointly with others), and I do not wish to exclude any Developments from the scope of the Agreement.

The following is a complete and accurate list of all Developments I have made, conceived, discovered or developed prior to my employment with the Company that relate to the current or planned conduct of the Company's business and that are owned by me (either alone or jointly with others), which I wish to exclude from the scope of the Agreement. I represent and warrant that such list is complete and accurate, and I understand that by not listing a Development on this Schedule, I am acknowledging that such Development was not made, conceived, discovered or developed prior to my employment by the Company. Notwithstanding the foregoing, if disclosure of any such Development in this Schedule would cause me to violate any prior confidentiality agreement, I understand that I am not to list such Development in this Schedule but am to inform the Company that such Development has not been listed for that reason.

(Check here if continued on additional attached sheets)

—

Executive Name

—

Executive Signature

—

Date

EXHIBIT A

FORM OF GENERAL RELEASE

RELEASE AND WAIVER

I, _____, am signing this General Release (Release) as a condition of and in consideration for the termination related payments and benefits described in Section 4 of my Employment Agreement, dated as of _____ (as it may be amended from time to time, the "Employment Agreement") that I will be eligible to receive subject to and in compliance with the terms of the Employment Agreement and this Release. I and any person acting by, through, under or on behalf of me, release, waive, and forever discharge Semiconductor Components Industries, LLC (ON Semiconductor), its subsidiaries, affiliates, and related entities (Company) and all of their respective agents, employees, officers, directors, shareholders, members, managers, employee benefit plans and fiduciaries, insurers, successors, and assigns from any and all claims, liabilities, actions, demands, obligations, agreements, or proceedings of any kind, individually or as part of a group action, whether known or unknown, arising out of, or connected with, claims of unlawful discrimination, harassment, retaliation, or failure to accommodate; the terms and conditions of my employment; my compensation and benefits; and/or the termination of my employment, including, but not limited to, all matters in law, in equity, in contract, or in tort, or pursuant to statute, including damages, attorney's fees, costs and expenses and, without limiting the generality of the foregoing, to all claims arising under the Age Discrimination in Employment Act (ADEA), the Civil Rights Act of 1866, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Employee Retirement Income Security Act (ERISA), the Americans with Disabilities Act, the National Labor Relations Act (NLRA), the Family and Medical Leave Act (FMLA), the Worker Adjustment and Retraining Notification Act, any amendments to the foregoing, any other federal, state, or local law, rule, statute, regulation or ordinance, as well as claims in equity or under common law for tort, breach of contract, wrongful discharge, defamation, emotional distress, and negligence.

VOLUNTARY AGREEMENT; ADVICE OF COUNSEL; REVIEW PERIOD

I understand and acknowledge that:

- (a) I have read this Release, and I understand its legal and binding effect. I am acting voluntarily and of my own free will in executing this Release.
- (b) The consideration for this Release is in addition to anything of value to which I already am entitled, and is not wages, a wage increase, a bonus, or any other form of compensation for services performed. Standard deductions will be made to the consideration for this Release.
- (c) I have had the opportunity to seek, and I am advised in writing to seek, legal counsel prior to signing this Release.
- (d) If I am age 40 or over: I have been given at least [21][45]¹ days from the date I received this Release and any attached information to consider the terms of this Release before signing it (Consideration Period). In the event I choose to sign this Release prior to the expiration of the Consideration Period, I represent that I am knowingly and voluntarily waiving the remainder of the Consideration Period. I understand that having waived some portion of the Consideration Period, the Company may expedite the processing of benefits provided to me in exchange for signing this Release.
- (e) I agree with the Company that changes, whether material or immaterial, do not restart the running of the Consideration Period.
- (f) I have (i) received all compensation due me as a result of services performed for the Company with the receipt of my final paycheck; (ii) reported to the Company any and all work-related injuries or occupational disease incurred by me during my employment by the Company; (iii) been properly provided any leave requested because of my or a family member's health condition or military service and have not been subjected to any improper treatment, conduct or actions due to a request for or taking such leave; (iv) had the opportunity to provide the Company with written notice of any and all concerns regarding suspected ethical and compliance issues or violations on the part of the Company or any other released person or entity; (v) reported any pending judicial and administrative complaints, claims, or actions I filed against the Company or any other released person or entity; and (vi) no pending claim of unlawful discrimination; harassment; sexual harassment, abuse, assault, or other criminal conduct; or retaliation, provided that, (v) and (vi) exclude claims that I may, as a matter of law, file anonymously or without disclosure to the Company.

¹ NTD: The alternative review periods under the ADEA are provided to account for the possibility the separation of employment arises under circumstances in which the 45 day review period would apply, such as an employment termination program referenced in the INFORMATION ABOUT THE EMPLOYMENT TERMINATION PROGRAM noted below.

REVOCATION

I understand that if I sign this Release, I can change my mind and revoke it within seven days (Revocation Period) after signing it by returning it with written revocation notice to the Company's Chief Legal Officer. I understand that this Release will not be effective until after this Revocation Period has expired, and I will not be entitled to receive any benefits until after the Release becomes effective. If the Revocation Period expires on a weekend or holiday, I understand I have until the end of the next business day to revoke.

BINDING AGREEMENT AND PROMISE NOT TO SUE

I understand that following the Revocation Period, this Release will be final and binding. I promise that I will not pursue any claim that I have settled by this Release. If I break this promise, I agree to pay all of the Company's costs and expenses (including reasonable attorneys' fees) related to the defense of any such claims except this promise not to sue does not apply to claims that I may have under the Older Workers Benefit Protection Act (OWBPA) and the ADEA. Although I am releasing claims that I may have under the OWBPA and the ADEA, I understand that I may challenge the knowing and voluntary nature of this Release under the OWBPA and the ADEA before a court, the Equal Employment Opportunity Commission (EEOC), or any other federal, state or local agency charged with the enforcement of any employment laws.

INFORMATION ABOUT THE EMPLOYMENT TERMINATION PROGRAM

If I am age 40 or over and my termination is part of an employment termination program, I acknowledge that the Company made the following available to me: (a) the class, unit, or group of individuals covered by the employment termination program; the eligibility factors for the program; and applicable time limits; and (b) the job titles and ages of all individuals eligible or selected for the program as well as those in the same job classification or organizational unit who are not eligible or selected.

COMPANY PROPERTY; CONFIDENTIALITY; GENERAL PROVISIONS

I represent and warrant that I have returned all confidential information, computer hardware or software, files, papers, memoranda, correspondence, customer lists, financial data, credit cards, keys, tape recordings, pictures, and security access cards, and any other items of any nature which are the property of the Company, except as I am otherwise allowed to keep according to the Employment Agreement. I further agree not to retain any tangible or electronic copies of any such property in my possession or under my control. To the fullest extent permitted by law, I also agree to retain in confidence any confidential information known to me concerning the Company until such information is publicly available. I further agree to maintain the confidentiality of this Release and will not disclose in any fashion the terms of this Release or the amount of the benefits I receive to any person other than my attorneys, accountants, and tax advisors as required by appropriate taxing authorities, or as otherwise required by law. I further agree that the continuing obligations under the Employment Agreement, including but not limited to Section 7, and any other agreements that I signed as part of my employment regarding the Company's confidential information or property, remain in effect after my employment ends. Notwithstanding any other provision of this Release to the contrary, I understand that I have the right to (1) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of the law or (2) disclose trade secrets in a document filed in a lawsuit or other proceeding so long as that filing is made under seal and protected from public disclosure. Nothing in this Release is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).

I understand that during my employment, I may have developed ideas, concepts, discoveries, inventions, innovations, designs, patents, patent applications, trademarks, trade secrets, copyrights, source code, and/or intellectual property relating to the Company's business (Developments). To the extent not previously done, I hereby assign to the Company all right, title, and interest in and to all such Developments. In the event that rights may be retained by state law, I hereby grant the Company an unconditional, perpetual, exclusive, worldwide, royalty-free, fully paid up license or sublicense to use the Developments in anyway and without limitation whatsoever and I hereby irrevocably waive enforcement of all such rights and include that waiver in the Release for no additional compensation.

This Release be governed by and construed in accordance with the laws of the State of Arizona without reference to its principles of conflicts of law. Any action or proceeding by either of the parties to enforce this Release shall be brought only in a state or federal court located in the state of Arizona, county of Maricopa. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

This Release constitutes the complete and total agreement between the Company and me with respect to issues addressed in this Release except this Release shall not in any way affect, modify, or nullify any prior agreement I have entered into with the Company regarding confidentiality, trade secrets, inventions, or unfair competition. I represent that I am not relying on any other agreements or oral representations not fully expressed in this document. I agree that this Release shall not be modified, altered, or discharged except by written instrument signed by an authorized Company representative and me. The headings in this document are for reference only and shall not in any way affect the meaning or interpretation of this Release. I further agree that this document may be used as evidence in a subsequent proceeding in which the Company or I allege a

breach of this Release or as a complete defense to any lawsuit. Other than this exception, I agree that this Release will not be introduced as evidence in any administrative proceeding or in any lawsuit. I agree that should any part of this Release except the release of claims be found to be void or unenforceable by a court of competent jurisdiction, that determination will not affect the remainder of this Release.

EXCEPTIONS AND NO INTERFERENCE WITH RIGHTS

Notwithstanding any provision of this Release or any other representation to the contrary, I understand this Release does not apply to (a) any claims or rights that may arise after the date that I signed this Release, (b) the Company's expense reimbursement policies, (c) any vested rights under the Company's ERISA-covered employee benefit plans as applicable on the date I sign this Release, and (d) any claims that the controlling law clearly states may not be released by private agreement. Moreover, nothing in this Release (including but not limited to the acknowledgements, release of claims, the promise not to sue, the confidentiality obligations, and the return of property provision) (x) limits or affects my right to challenge the validity of this Release under the ADEA or the OWBPA, (y) either prevents me from communicating with, filing a charge or complaint with, or from participating in an investigation or proceeding conducted by the EEOC, the National Labor Relations Board, the Securities and Exchange Commission, or any other federal, state or local agency charged with the enforcement of any laws, or from responding to a subpoena or discovery request in court litigation or arbitration, or requires me to obtain the consent of the Company or notify the Company before doing so, (z) precludes me from exercising my rights under Section 7 of the NLRA or similar state law to engage in protected, concerted activity with other employees, although by signing this Release I am waiving my right to recover any individual relief (including any backpay, frontpay, reinstatement or other legal or equitable relief) in any charge, complaint, or lawsuit or other proceeding brought by me or on my behalf by any third party, except for any right I may have to receive a payment or award from a government agency (and not the Company) for information provided to the government agency or where waiver of such right to recover otherwise is prohibited.

I have read and understand the General Release set forth above. The Company has provided me with all information needed to make an informed decision to sign this Release, notice of and an opportunity to retain an attorney, and an opportunity to ask questions about this Release. I accept the consideration stated above and agree to be bound by the terms of this General Release.

Dated: _____ Signature: _____ Name Printed: _____
Employee

Dated: _____ Company Signature: _____ Company Representative Name: _____

ON SEMICONDUCTOR CORPORATION

List of Subsidiaries as of 12/31/2023 (1)

AMI Semiconductor Canada Company	{Nova Scotia, Canada}
AMIS Foreign Holdings, Inc.	{Delaware}
Aptina (Mauritius) Limited	{Mauritius}
Aptina Holdings (Cayman) Inc.	{Cayman Islands}
Aptina Imaging Corporation	{Cayman Islands}
Aptina India Private Limited	{India}
Aptina Pte. Ltd.	{Singapore}
Aptina, LLC	{Delaware}
Fairchild Semiconductor (Malaysia) Sdn. Bhd.	{Malaysia}
Fairchild Semiconductor (Suzhou) Co., Ltd.	{China (PRC)}
Fairchild Semiconductor Corporation of California	{Delaware}
Fairchild Semiconductor Hong Kong (Holdings) Limited	{Hong Kong, China (PRC)}
Fairchild Semiconductor International, LLC	{Delaware}
Fairchild Semiconductor Mauritius Ltd.	{Mauritius}
Fairchild Semiconductor Pte. Ltd.	{Singapore}
Fairchild Semiconductor Technology (Beijing) Co., Ltd.	{China (PRC)}
Fairchild Semiconductor Technology (Shanghai) Co., Ltd.	{China (PRC)}
Fairchild Semiconductor, LLC	{Delaware}
GT Advanced Technologies Limited	{Hong Kong, China (PRC)}
GT Solar Mauritius, Ltd.	{Mauritius}
GTAT Corporation	{Delaware}
GTAT Terra Inc.	{Delaware}
Hudson Valley Research Park Sewage Works Corporation	{New York}
Hudson Valley Research Park Water-Works Corp.	{New York}
Leshan-Phoenix Semiconductor Company Limited	{China (PRC)}
ON Design Czech s.r.o.	{Czech Republic}
ON Electronics Private Limited	{India}
ON Management, LLC	{Delaware}
ON Semiconductor (Shenzhen) Limited	{China (PRC)}
ON Semiconductor (Thailand) Co. Ltd.	{Thailand}
ON Semiconductor Adria d.o.o.	{Slovenia}
ON Semiconductor Aizu Co., Ltd.	{Japan}
ON Semiconductor Austria GmbH	{Austria}
ON Semiconductor Benelux B.V.	{Netherlands}
ON Semiconductor Binh Duong Company Limited	{Vietnam}
ON Semiconductor Canada Holding Corporation	{Ontario, Canada}
ON Semiconductor Canada Trading Corporation	{Nova Scotia, Canada}
ON Semiconductor Cebu Philippines, Inc.	{Philippines}
ON Semiconductor Connectivity Solutions, Inc.	{Delaware}
ON Semiconductor Czech Republic s.r.o.	{Czech Republic}
ON Semiconductor France SAS	{France}
ON Semiconductor Germany GmbH	{Germany}

ON Semiconductor Holdings Malaysia Sdn. Bhd.	{Malaysia}
ON Semiconductor Ireland Research and Design Limited	{Ireland}
ON Semiconductor Italy S.R.L.	{Italy}
ON Semiconductor Japan Holdings Ltd.	{Japan}
ON Semiconductor Japan Ltd.	{Japan}
ON Semiconductor Kanto Co. Ltd.	{Japan}
ON Semiconductor Korea, Ltd.	{South Korea}
ON Semiconductor Leasing, LLC	{Delaware}
ON Semiconductor Limited	{United Kingdom}
ON Semiconductor Malaysia Sdn. Bhd.	{Malaysia}
ON Semiconductor Netherlands B.V.	{Netherlands}
ON Semiconductor Niigata Co., Ltd.	{Japan}
ON Semiconductor Philippines, Inc.	{Philippines}
ON Semiconductor Romania S.R.L.	{Romania}
ON Semiconductor S.R.L.	{Italy}
ON Semiconductor Shenzhen China (ONSC) Limited	{China (PRC)}
ON Semiconductor Slovakia, a.s.	{Slovak Republic}
ON Semiconductor SSMP Philippines Corporation	{Philippines}
ON Semiconductor Switzerland SA	{Switzerland}
ON Semiconductor Technology B.V.	{Belgium}
ON Semiconductor Technology Hong Kong Limited	{Hong Kong, China (PRC)}
ON Semiconductor Technology India Private Limited	{India}
ON Semiconductor Technology Korea Limited	{South Korea}
ON Semiconductor Trading (Shanghai) Limited	{China (PRC)}
ON Semiconductor Trading Sàrl	{Switzerland}
ON Semiconductor United Kingdom Limited	{United Kingdom}
ON Semiconductor Vietnam Company Limited	{Vietnam}
ONSEMI SPAIN, S.L.	{Spain}
SANYO LSI Technology India Private Limited	{India}
SANYO Semiconductor (S) Pte. Ltd.	{Singapore}
SCG Czech Design Center s.r.o.	{Czech Republic}
SCG Hong Kong SAR Limited	{Hong Kong, China (PRC)}
SCG Korea Limited	{South Korea}
Semiconductor Components Industries Singapore Pte Ltd	{Singapore}
Semiconductor Components Industries, LLC	{Delaware}
SensL Technologies Limited	{Ireland}
Sound Design Technologies Ltd.	{Ontario, Canada}
TransiC AB	{Sweden}

{ } Denotes jurisdiction.

- (1) All ON Semiconductor Corporation subsidiaries generally do business under the name “onsemi” or such other similar name as they transition to “onsemi.”

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-219751, No. 333-219752, No. 333-206471, No. 333-190344, No. 333-183389, No. 333-166958, No. 333-159381, No. 333-118814, No. 333-71336, No. 333-258376 and No. 333-258377) of ON Semiconductor Corporation of our report dated February 5, 2024 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Phoenix, Arizona
February 5, 2024

POWER OF ATTORNEY
(Atsushi Abe)

I hereby appoint Thad Trent and Pamela L. Tondreau, and each of them, my attorneys-in-fact, each with full power of substitution, to sign for me as a Director of ON Semiconductor Corporation (the "Corporation") and file with the Securities and Exchange Commission the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, and any amendments thereto.

Dated: January 12, 2024

/s/ ATSUSHI ABE

Atsushi Abe

POWER OF ATTORNEY
(Alan Campbell)

I hereby appoint Thad Trent and Pamela L. Tondreau, and each of them, my attorneys-in-fact, each with full power of substitution, to sign for me as a Director of ON Semiconductor Corporation (the "Corporation") and file with the Securities and Exchange Commission the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, and any amendments thereto.

Dated: January 15, 2024

/s/ ALAN CAMPBELL

Alan Campbell

POWER OF ATTORNEY
(Susan K. Carter)

I hereby appoint Thad Trent and Pamela L. Tondreau, and each of them, my attorneys-in-fact, each with full power of substitution, to sign for me as a Director of ON Semiconductor Corporation (the "Corporation") and file with the Securities and Exchange Commission the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, and any amendments thereto.

Dated: January 14, 2024

/s/ SUSAN K. CARTER

Susan K. Carter

**POWER OF ATTORNEY
(Thomas L. Deitrich)**

I hereby appoint Thad Trent and Pamela L. Tondreau, and each of them, my attorneys-in-fact, each with full power of substitution, to sign for me as a Director of ON Semiconductor Corporation (the "Corporation") and file with the Securities and Exchange Commission the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, and any amendments thereto.

Dated: January 12, 2024

/s/ THOMAS L. DEITRICH

Thomas L. Deitrich

**POWER OF ATTORNEY
(Bruce E. Kiddoo)**

I hereby appoint Thad Trent and Pamela L. Tondreau, and each of them, my attorneys-in-fact, each with full power of substitution, to sign for me as a Director of ON Semiconductor Corporation (the "Corporation") and file with the Securities and Exchange Commission the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, and any amendments thereto.

Dated: January 23, 2024

/s/ BRUCE E. KIDDOO

Bruce E. Kiddoo

**POWER OF ATTORNEY
(Christina Lampe-Önnerud)**

I hereby appoint Thad Trent and Pamela L. Tondreau, and each of them, my attorneys-in-fact, each with full power of substitution, to sign for me as a Director of ON Semiconductor Corporation (the "Corporation") and file with the Securities and Exchange Commission the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, and any amendments thereto.

Dated: January 23, 2024

/s/ CHRISTINA LAMPE-ÖNNERUD

Christina Lampe-Önnerud

POWER OF ATTORNEY
(Paul A. Mascarenas)

I hereby appoint Thad Trent and Pamela L. Tondreau, and each of them, my attorneys-in-fact, each with full power of substitution, to sign for me as a Director of ON Semiconductor Corporation (the "Corporation") and file with the Securities and Exchange Commission the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, and any amendments thereto.

Dated: January 15, 2024

/s/ PAUL A. MASCARENAS

Paul A. Mascarenas

**POWER OF ATTORNEY
(Gregory Waters)**

I hereby appoint Thad Trent and Pamela L. Tondreau, and each of them, my attorneys-in-fact, each with full power of substitution, to sign for me as a Director of ON Semiconductor Corporation (the "Corporation") and file with the Securities and Exchange Commission the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, and any amendments thereto.

Dated: January 27, 2024

/s/ GREGORY WATERS

Gregory Waters

**POWER OF ATTORNEY
(Christine Y. Yan)**

I hereby appoint Thad Trent and Pamela L. Tondreau, and each of them, my attorneys-in-fact, each with full power of substitution, to sign for me as a Director of ON Semiconductor Corporation (the "Corporation") and file with the Securities and Exchange Commission the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, and any amendments thereto.

Dated: January 15, 2024

/s/ CHRISTINE Y. YAN

Christine Y. Yan

CERTIFICATIONS

I, Hassane El-Khoury, certify that:

1. I have reviewed this annual report on Form 10-K of ON Semiconductor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2024

/s/ HASSANE EL-KHOURY

Hassane El-Khoury

Chief Executive Officer

CERTIFICATIONS

I, Thad Trent, certify that:

1. I have reviewed this annual report on Form 10-K of ON Semiconductor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2024

/s/ THAD TRENT

Thad Trent

Chief Financial Officer

Certification**Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906
of the Sarbanes-Oxley Act of 2002**

For purposes of Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of ON Semiconductor Corporation, a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the “Form 10-K”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 5, 2024

/s/ HASSANE EL-KHOURY

Hassane El-Khoury

President and Chief Executive Officer

Date: February 5, 2024

/s/ THAD TRENT

Thad Trent

Executive Vice President,

Chief Financial Officer and Treasurer

DODD-FRANK COMPENSATION RECOVERY POLICY

1. **Purpose.** The purpose of this Dodd-Frank Compensation Recovery Policy (this “**Policy**”) is to describe the circumstances under which a current or former Executive Officer (as defined below) would be required to repay or return incentive-based compensation to **onsemi** following an accounting restatement. This Policy is intended to comply with, and will be interpreted consistent with, Section 10D of the Exchange Act, Rule 10D-1 and the Clawback Listing Rule.
2. **Administration.** This Policy will be administered by the Committee. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. Any determinations made by the Committee will be final and binding on all affected individuals.
3. **Definitions.** As used in this Policy, the following definitions apply:
 - 1.1. “**Accounting Restatement**” means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement (a) to correct an error in previously-issued financial restatements that is material to the previously-issued financial statements (a big R restatement) or (b) that corrects an error that is not material to previously-issued financial statements but would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a little r restatement).
 - 1.2. “**Board**” means the Board of Directors of the Company.
 - 1.3. “**Clawback Listing Rule**” means Rule 5608 of the corporate governance rules of Nasdaq and related guidance and regulations, as in effect from time to time, or any similar rules or regulations of any other securities exchange on which the Company’s common stock is listed.
 - 1.4. “**Clawback Period**” means the three completed fiscal years immediately preceding the Restatement Date.
 - 1.5. “**Code**” means the Internal Revenue Code of 1986, as amended, and includes, for each section cited, any related regulations and guidance, as in effect from time to time and including any successor provisions.
 - 1.6. “**Committee**” means the Human Capital and Compensation Committee of the Board or such other committee (whether standing or ad hoc) of independent directors as determined by the Board in accordance with the Clawback Listing Rule.
 - 1.7. “**Company**” means ON Semiconductor Corporation, a Delaware corporation.
 - 1.8. “**Erroneously-Awarded Compensation**” means the amount of Incentive Compensation received by an Executive Officer that exceeds the amount of Incentive Compensation that otherwise would have been received had it been determined based on the restated amounts, calculated as provided in Section 4.

- 1.9. “**Exchange Act**” means the Securities and Exchange Act of 1934, as amended, and includes, for each section cited, any related rules and regulations promulgated by the SEC under that section, as in effect from time to time.
 - 1.10. “**Executive Officers**” means **onsemi’s** current and former executive officers as determined by the Board in accordance with the definition of “executive officer” under Rule 10D-1 and the Clawback Listing Rule.
 - 1.11. “**Financial Reporting Measures**” means any measures that are determined and presented in accordance with the accounting principles used in preparing **onsemi’s** financial statements and all other measures that are derived wholly or in part from such measures, in each case, regardless of whether the measure is presented in **onsemi’s** financial statements or included in an SEC filing. For purposes of this Policy, Company stock price and total stockholder return are considered “Financial Reporting Measures.”
 - 1.12. “**Incentive Compensation**” means any award or payment made under any incentive-based compensation plan of **onsemi** that is or was granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure (including but not limited to any short-term incentive or corporate bonus plan and any PBRsUs or other form of equity award).
 - 1.13. “**Nasdaq**” means the Nasdaq Stock Market or any other securities exchange on which the Company’s common stock is listed.
 - 1.14. “**onsemi**” means the Company together with its subsidiaries.
 - 1.15. “**Restatement Date**” means the earlier to occur of (a) the date the Board, its Audit Committee or, if Board action is not required, one or more Company officers authorized to take such action concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement and (b) the date a court, regulator or other legally-authorized body directs the Company to prepare an Accounting Restatement, in either case, regardless if or when restated financial statements are filed with the SEC.
 - 1.16. “**Rule 10D-1**” means Rule 10D-1 promulgated by the SEC under the Exchange Act.
 - 1.17. “**SEC**” means the Securities and Exchange Commission.
4. **Determination of Erroneously-Awarded Compensation.** In the event that **onsemi** is required to prepare an Accounting Restatement, the Committee will determine whether any Executive Officer has received Erroneously-Awarded Compensation, in accordance with the following principles:
- 1.1. **Incentive Compensation Covered.** This Policy applies to Incentive Compensation received by an Executive Officer (a) that relates to a performance period during which the individual served, at any time, as an Executive Officer and (b) was received by the Executive Officer (i) during the applicable Clawback Period, (ii) after beginning services as an Executive

Officer and (iii) while the Company had a class of securities listed on a national securities exchange.

- 1.2. **Calculation.** Erroneously-Awarded Compensation is the difference, if any, between Incentive Compensation awarded to an Executive Officer and the lesser amount that the Executive Officer should have received had it been determined based on the restated amounts, computed without regard to any taxes paid. For Incentive Compensation based on stock price or total stockholder return, where the amount of Erroneously-Awarded Compensation is not subject to mathematical recalculation directly from the Accounting Restatement, (a) the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Incentive Compensation was received and (b) **onsemi** must maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.
 - 1.3. **When Incentive Compensation is "Received."** For purposes of this Policy, Incentive Compensation is deemed received in the fiscal period during which the Financial Reporting Measure underlying the Incentive Compensation is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period. For the avoidance of doubt, Incentive Compensation that is subject to both a Financial Reporting Measure vesting condition and a service-based vesting condition will be considered received when the relevant Financial Reporting Measure is achieved even if the Incentive Compensation remains subject to a service-based vesting condition or has otherwise not yet been paid.
5. **Recovery Process.** In the event of an Accounting Restatement, **onsemi** will, reasonably promptly, recover any and all amounts of Erroneously-Awarded Compensation as determined under Section 4, in accordance with the following principles:
- 1.1. **Committee Action and Notice.** Promptly after the Committee's determination that Erroneously-Awarded Compensation was paid to one or more Executive Officers, **onsemi** will provide written notice to each affected Executive Officer stating the amount of the Erroneously-Awarded Compensation and a demand for its repayment or return.
 - 1.2. **Method of Recoupment.** The Committee has discretion to determine the appropriate means of recovering Erroneously-Awarded Compensation from an Executive Officer based on the particular facts and circumstances. The form of recoupment may be from future compensation, forfeiture of outstanding equity awards, direct repayment by the Executive Officer or any combination of the foregoing at the discretion of the Committee, subject to applicable law (including but not limited to Section 402 of the Sarbanes-Oxley Act of 2002).
 - 1.3. **Enforcement.** If an Executive Officer fails to repay all Erroneously-Awarded Compensation to **onsemi** when due, **onsemi** will take all actions reasonable and appropriate to recover the Erroneously-Awarded Compensation from the Executive Officer.

6. **Exceptions from Recovery Requirement.** Notwithstanding anything in this Policy to the contrary, **onsemi** will not be required to recover Erroneously-Awarded Compensation if the Committee determines that recovery would be impracticable and either of the following conditions is met:
 - 1.1. **Recovery Cost Exceeds Recoverable Amount.** The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before relying on this exception, **onsemi** must make a reasonable attempt to recover the Erroneously-Awarded Compensation, document such attempt and provide that documentation to Nasdaq.
 - 1.2. **Jeopardy of Tax-Qualified Plan Status.** Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to **onsemi's** U.S.-based employees, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Code.
7. **Indemnification.** **onsemi** is prohibited from insuring or indemnifying any Executive Officer against (a) the loss of any Erroneously-Awarded Compensation that is recovered under this Policy or (b) any claims relating to **onsemi's** enforcement of its rights under this Policy.
8. **Successors.** This Policy is binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.
9. **Effective Date.** This Policy is effective as of December 1, 2023 and applies to Incentive Compensation received by an Executive Officer on or after October 2, 2023.
10. **Amendment or Termination.** The Board may amend this Policy from time to time in its discretion and will amend this Policy as it deems necessary to ensure continued compliance with the Clawback Listing Rule or to comply with (or maintain an exemption from the application of) Section 409A of the Code. The Board may terminate this Policy at any time; provided, however, that no termination of this Policy will be effective if such action would cause the Company to violate any federal securities law, SEC rule, the Clawback Listing Rule or any other rules of the stock exchange on which the Company's common stock is listed.
11. **Disclosure Requirements.** **onsemi** will file all disclosures with respect to this Policy required by the Clawback Listing Rule and applicable SEC rules and regulations.
12. **Other Recovery Rights.** The Board intends that this Policy will be applied to the fullest extent permitted by applicable law. If the application of this Policy would provide for recovery of Incentive Compensation that **onsemi** recovers pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, any other **onsemi** compensation recovery policy, any contractual rights or any other recovery obligations, the amount the Executive Officer has already reimbursed **onsemi** will be credited to the required recovery under this Policy. This Policy does not limit the rights of **onsemi** to take any other actions or pursue other remedies that **onsemi** may deem appropriate under the circumstances (including circumstances beyond the scope of this Policy) and under applicable law, in each case to the extent permitted under

the Clawback Listing Rule (if applicable) and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code.

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Approved by the Board on August 18, 2023 on the recommendation of its Human Capital and Compensation Committee