



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

18 Can any resulting loss be recognized? ▶ See attachment.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ N/A

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ Matthew E. Beckler Date ▶ 11/19/2018

Print your name ▶ Matthew E. Beckler Title ▶ VP Global Tax

**Paid Preparer Use Only**

|   |   |                           |   |                          |
|---|---|---------------------------|---|--------------------------|
| Print/Type preparer's name<br><u>Amy E. Patel</u>                         | Preparer's signature<br><u>Amy E. Patel</u> | Date<br><u>11/19/2018</u> | Check <input type="checkbox"/> if self-employed | PTIN<br><u>P00391257</u> |
| Firm's name ▶ <u>Deloitte Tax LLP</u>                                     |   |                           | Firm's EIN ▶ <u>86-1065772</u>                  |                          |
| Firm's address ▶ <u>2901 N Central Ave, Suite 1200, Phoenix, AZ 85012</u> |   |                           | Phone no. <u>602-234-5100</u>                   |                          |

**ON Semiconductor Corporation**

**EIN: 36-3840979**

**Attachment to Form 8937**

**Report of Organizational Actions Affecting Basis of Securities**

Disclaimer: The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any lender's specific circumstances. Lenders are urged to consult their own tax advisors regarding U.S. tax consequences of the amendments described herein and the impact to tax basis resulting from the Amendments, as defined below.

**ON Semiconductor Corporation**  
**EIN: 36-3840979**  
**Attachment to Form 8937**  
**Report of Organizational Actions Affecting Basis of Securities**

**Form 8937, Part I, Line 10**

68218EAB0, 68218EAD6, 68218EAC8

**Form 8937, Part II, Line 14**

On April 15, 2016, ON Semiconductor Corporation ("ON Semi") issued a term loan with a principal amount of \$2.2 billion (the "Original Term Loan") and a revolver with a commitment amount of \$600 million (the "Original Revolving Loan" and together with the Original Term Loan the "Original Loans"). In general, the Original Term Loans had an interest rate equal to LIBOR plus an applicable margin of 4.5% and the Original Revolving Loan had an initial interest rate equal to LIBOR plus an applicable margin of 4.0%. The Original Term Loan had a maturity date of March 31, 2023, and all draws on the Original Revolving Loan were due on September 19, 2021. The Original Term Loan had an issue price equal to the stated principal amount.

***The First Amendment***

On September 30, 2016, the Original Loans were amended to reduce the applicable margin by 125 bps (the "First Amendment"). As a result of the First Amendment, for U.S. federal income tax purposes, the Original Loans were treated as retired in exchange for a new loans (the "2016 Term Loan," the "2016 Revolving Loan," and together the "2016 Loans") under Treas. Reg. § 1.1001-3(e)(2).

Certain lenders of the Original Loans rolled their interests in the Original Loans into the 2016 Loans (the "2016 Participating Lenders"), while other lenders were repaid in cash. ON Semi did not pay any cash consideration in connection with the First Amendment.

***The Second Amendment***

On March 31, 2017, the 2016 Loans were amended to further reduce the applicable margin by 100 bps (the "Second Amendment" and together with the First Amendment, the "Amendments"). The Original Revolving Loan had draws of approximately \$120 million outstanding at the time of the Second Amendment. As a result of the Second Amendment, for U.S. federal income tax purposes, the 2016 Loans were treated as retired in exchange for new loans (the "2017 Term Loan," the "2017 Revolving Loan," and together the "2017 Loans") under Treas. Reg. § 1.1001-3(e)(2).

Certain lenders of the 2016 Loans rolled their interests in the 2016 Loans into the 2017 Loans (the "2017 Participating Lenders"), while other lenders were repaid in cash. ON Semi did not pay any cash consideration in connection with the Second Amendment.

## **Form 8937, Part II, Line 15**

### ***The First Amendment***

To the extent that the Original Loans and the 2016 Loans constitute "securities" for purposes of the rules providing for tax-free recapitalizations under section 368(a)(1)(E) ("Tax Securities"), the First Amendment likely qualifies as a tax-free recapitalization of the Original Loans. To the extent that either the Original Term Loan or the 2016 Term Loan is not a Tax Security, or the Original Revolving Loan or the 2016 Revolving Loan is not a Tax Security, the First Amendment does not qualify as a tax-free recapitalization of the original loan.

To the extent the First Amendment is a tax-free recapitalization of the respective Original Loans, a 2016 Participating Lender's aggregate tax basis in its 2016 Loans will generally equal such 2016 Participating Lender's aggregate basis in its Original Loans immediately prior to the deemed exchange (tax basis is also adjusted for cash received and gain recognized, which is not relevant to the First Amendment).

ON Semi intends to treat the Original Loans and the 2016 Loans as Tax Securities such that the First Amendment qualifies as a tax-free recapitalization of the Original Loans. The 2016 Participating Lenders should consult their tax advisors to determine the tax consequences of the First Amendment to them.

### ***The Second Amendment***

To the extent that the 2016 Loans and the 2017 Loans constitute Tax Securities, the Second Amendment likely qualifies as a tax-free recapitalization of the 2016 Loans. To the extent that either the 2016 Term Loan or the 2017 Term Loan is not a Tax Security, or the 2016 Revolving Loan or the 2017 Revolving Loan is not a Tax Security, the Second Amendment does not qualify as a tax-free recapitalization of the affected 2016 Loan.

To the extent the Second Amendment is a tax-free recapitalization of the 2016 Loans, a 2017 Participating Lender's aggregate tax basis in its 2017 Loans will generally equal such 2017 Participating Lender's aggregate basis in its 2016 Loans immediately prior to the deemed exchange (tax basis is also adjusted for cash received and gain recognized, which is not relevant to the Second Amendment).

ON Semi intends to treat the 2016 Loans and the 2017 Loans as Tax Securities such that the Second Amendment qualifies as a tax-free recapitalization of the 2016 Loans. The 2017 Participating Lenders should consult their tax advisors to determine the tax consequences of the Second Amendment to them.

## **Form 8937, Part II, Line 16**

### ***The First Amendment***

To the extent the First Amendment is a tax-free recapitalization of the Original Loans, a 2016 Participating Lender's aggregate tax basis in its 2016 Loans will generally equal such 2016 Participating Lender's aggregate basis in its Original Loans immediately prior to the deemed exchange (tax basis is also adjusted for cash received and gain recognized, which is not relevant to the First Amendment).

ON Semi intends to treat the Original Loans and the 2016 Loans as Tax Securities such that the First Amendment qualifies as a tax-free recapitalization of the Original Loans. The 2016 Participating Lenders should consult their tax advisors to determine the tax consequences of the First Amendment to them.

***The Second Amendment***

To the extent the Second Amendment is a tax-free recapitalization of the respective 2016 Loan, a 2017 Participating Lender's aggregate tax basis in its 2017 Loans will generally equal such 2017 Participating Lender's aggregate basis in its 2016 Loans immediately prior to the deemed exchange (tax basis is also adjusted for cash received and gain recognized, which is not relevant to the Second Amendment).

ON Semi intends to treat the 2016 Loans and the 2017 Loans as Tax Securities such that the Second Amendment qualifies as a tax-free recapitalization of the 2016 Loans. The 2017 Participating Lenders should consult their tax advisors to determine the tax consequences of the Second Amendment to them.

**Form 8937, Part II, Line 17**

Sections 354, 358, 1001 and 1012.

**Form 8937, Part II, Line 18**

The Amendments generally should not result in a loss to the 2016 Participating Lenders or the 2017 Participating Lenders to the extent the Amendments are tax-free recapitalizations of the Original Loans and 2016 Loans, respectively. To the extent the Amendments are not tax-free recapitalizations, the Amendments may result in a loss to a 2016 Participating Lender or a 2017 Participating Lender to the extent such lender's tax basis in the respective unmodified debt exceeds the issue price of the modified debt received in exchange therefor.

The 2016 Participating Lenders and the 2017 Participating Lenders should consult their tax advisors to determine the tax consequences of the Amendments to them.