



**DATE:** December 8, 2011

**SUBJ:** Update to operations at ON Semiconductor's Thailand production facilities

Dear Customer,

The severity of the flood damage to ON Semiconductor's production facilities in Thailand, and the prolonged inability of these sites to operate, has caused major disruptions within our global supply chain - specifically for our SANYO Semiconductor division and some of the former Catalyst Semiconductor products we acquired in 2008. From a global business standpoint, we are focused on recovering production as quickly as possible to support the needs of our impacted customers as well as for the long term financial well-being of the company.

Production at ON Semiconductor's Thailand facilities has been suspended since early October. Access to the sites to begin assessing the damage was safely gained in late November. We have now determined that given the severity of the flood damage to the production facilities ON Semiconductor operates in Thailand, and the excessive cost required to recover and reconstruct these facilities, that it is not financially viable for us to fully re-start our probe, assembly and test operations in Thailand for an indefinite period, if at all. As such, we are ceasing all production at our SANYO sites in Ayutthaya, Thailand, and plan to maintain limited production at our Bang Pa In site. The bulk of our Thailand operations will be permanently transferred to other existing ON Semiconductor facilities that have available production equipment capacity and excess floor space, and to some external subcontractors as appropriate.

We have begun the process of communicating this difficult news to approximately 1,600 of our Thailand manufacturing employees.

All product lines impacted by the Thailand flooding have been evaluated and a comprehensive plan has been outlined for the transfer of most of our Thailand production operations to other ON Semiconductor owned facilities including sites in Malaysia, Philippines and China, and to some external subcontractors. The company has successfully recovered certain key assets from the flood impacted Thailand sites, which will be crucial to reestablishing the supply line to these customers. We are committed to the purchase of replacement equipment to support the reestablishment of production lost to the flooding. Additionally, because it is not financially viable to transfer all our Thailand production to alternate locations, it will be necessary to discontinue (EOL) a small percentage of the products impacted by the flooding. Customers to be affected by EOL devices will be formally communicated to by the company's sales and customer service teams. Alternative product options will be addressed.

While certain impacted products will become available before the end of 2011, more complex production transfers are still expected to take multiple quarters to be restored to full pre-flood production capacity.

Our sales team will continue to work closely with customers impacted by the disruption of operations in Thailand to address product transfers, EOL products and upcoming engineering samples. As new information becomes available, updates regarding the situation will continue to be posted at [www.onsemi.com/news](http://www.onsemi.com/news) (via the [Thailand Flooding Impact](#) link) and communicated with our various stakeholders.

We appreciate your ongoing business and will do our best to address your concerns as quickly as possible.

Best Regards,

A handwritten signature in black ink, appearing to read "K. Jackson".

Keith Jackson  
ON Semiconductor  
President and Chief Executive Officer (CEO)