

ON Semiconductor Corp

ONNN
NASDAQ

B Outperform
Data as of 11/28/2014

SCHWAB EQUITY RATING

B Outperform Data as of 11/28/2014
Percentile Ranking: **12**

Last weeks rating: Data as of 11/21/2014
B Outperform
Percentile Ranking: 9

A	1-5	Strongly Outperform	BUY HOLD SELL
B	6-30	Outperform	
C	31-70	Marketperform	
D	71-95	Underperform	
F	96-100	Strongly Underperform	

For details about using Schwab Equity Ratings, please see the Schwab Center for Financial Research report "Managing a Portfolio Using Schwab Equity Ratings" in the Stocks article library under Market Insight.

See page 4 for further documentation on Schwab Equity Ratings, **Important Disclosures, and Regulation Analyst Certification.**

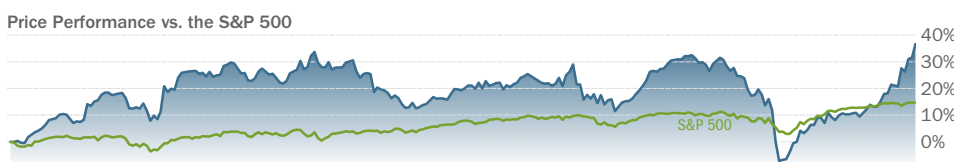
RATIONALE BEHIND OUR **B** RATING ON ONNN

For details about inputs to Schwab Equity Rating, see "Schwab Equity Ratings Foundations" in the "Stocks" article library under Market Insight. ▲ IMPROVED VS. PREVIOUS WEEK ▼ DECLINED VS. PREVIOUS WEEK

	THIS WEEK	LAST WEEK	IMPORTANCE
A FUNDAMENTAL GRADE			
Cash Flow Strength	Positive	Positive	Medium
Capital Intensity	Neutral	Neutral	Medium
Efficient Management of Working Capital	Neutral	Neutral	Low
B VALUATION GRADE			
Price Driven Valuation	▼ Neutral	Positive	High
Valuation Sentiment	Neutral	Neutral	Medium
C MOMENTUM GRADE			
Recent Price Performance vs. the Market	▼ Neutral	Positive	Medium
Recent Brokerage Analyst Sentiment Change	Negative	Negative	Low
Earnings Trend Surprise	Negative	Negative	Low
B RISK GRADE			
Business Geographic Diversification	Positive	Positive	Low
Institutional Sentiment	Neutral	Neutral	Low

PRICE & VOLUME HISTORY

ONNN Daily Close Prices Data source: Reuters



BUSINESS SUMMARY

Source: Reuters

ON Semiconductor Corporation (ON Semiconductor) designs, manufactures and markets a portfolio of semiconductor components that address the design needs of electronic systems and products. The Company operates in three segments: Application Products G...

For more details, see page 2.

OVERVIEW

Source: Reuters

Price as of 12/5/14	\$10.22
Market Capitalization	4.5 Billion
Asset Class	Mid Cap
Beta	1.58

SECTOR/INDUSTRY

Source: S&P Capital IQ

Schwab Industry Rating **A**

Sector	Information Technology
Industry	Semiconductors & Semiconductor Equipment
Sub-Industry	Semiconductors
Schwab Sector Viewpoint	Outperform

METRICS

Source: Reuters

VALUE METRICS	ONNN	S&P 500
P/E last 4Q	21.0	18.6
P/E forecast EPS	13.8	-
P/Free Cash Flow last 4Q	17.0	19.7
P/Sales last 4Q	1.48	1.78
Price/Book	2.7	5.2
Dividend Yield(%)	-	1.9
GROWTH METRICS (%)		
1 year sales growth	9.9	2.8
3 year sales growth	6.4	8.3
1 year EPS growth	1376.4	13.9
3 year EPS growth	-20.0	16.3
1-year forecast EPS growth	32.3	-
3-5 year EPS growth forecast	23.2	-
1 year dividend growth	-	20.7
3 year dividend growth	-	20.7
MOMENTUM METRICS (%)		
4 week stock price change	23.9	2.1
26 week stock price change	14.6	6.5
FINANCIAL METRICS (%)		
Gross margin	35.2	41.4
Net margin	7.3	9.5
Return on assets	6.1	4.7
Return on equity	13.9	15.1
Return on invested capital	8.5	12.1
Long-term debt/capital	.41	.37

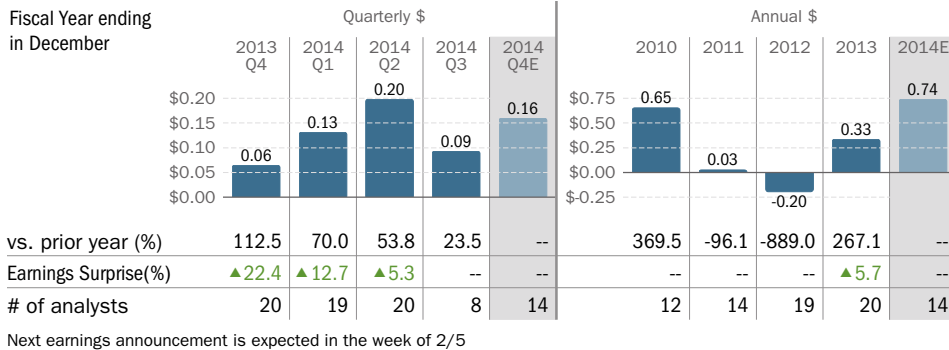
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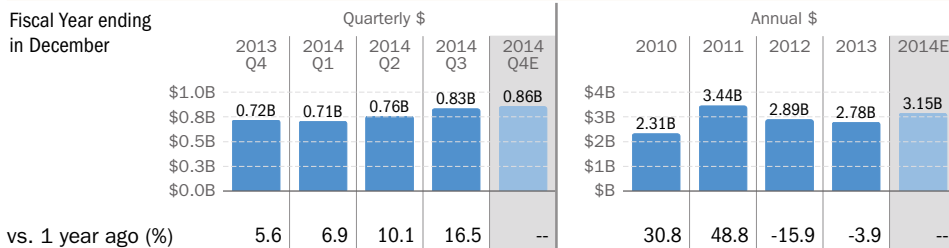
EARNINGS PER SHARE

Earnings data source: Reuters



REVENUE

Revenue data source: Reuters



ANNUAL EARNINGS FORECAST

Source: Reuters

	MEAN FORECAST	CONSENSUS CHANGE IN LAST 30 DAYS	FORECAST RANGE	NUMBER OF FORECASTS
12/31/2014	\$0.74	\$0.00	\$0.73-\$0.77	14
12/31/2015	\$0.91	\$0.01	\$0.78-\$1.12	17
Next 5 Yr. Growth Rate	23.2%	0.0%	23.2%-23.2%	1

DIVIDENDS

Dividends data source: Reuters

This company does not pay a dividend.

SCHWAB SECTOR STOCK LIST

Price as of: 12/5/2014

TICKER	COMPANY	PRICE	SCHWAB EQUITY RATING	GICS INDUSTRY
GLW	Corning Inc	\$21.34	A	Electronic Equipment, Instruments & Components
GSIG	GSI Group Inc	13.91	A	Electronic Equipment, Instruments & Components
OVTI	OmniVision Technologies Inc	26.48	A	Semiconductors & Semiconductor Equipment
SANM	Sanmina Corp	25.06	A	Electronic Equipment, Instruments & Components
TSRA	Tessera Technologies Inc	34.86	A	Semiconductors & Semiconductor Equipment

OTHER OPINIONS

S&P Capital IQ's RATING SINCE 10/10/2014
Recommendation



Credit Suisse Rating RATING SINCE 01/14/2014

UNDERPERFORM NEUTRAL **OUTPERFORM**

Argus 12 Month Rating

RATING NOT AVAILABLE

Ned Davis Rating RATING SINCE 11/10/2014

SELL NEUTRAL **BUY**

Market Edge Second Opinion® RATING SINCE 12/08/2014

AVOID NEUTRAL **LONG**

Reuters Average Rating RATING SINCE 10/18/2014

NO OPINION SELL UNDER-PERFORM HOLD **OUT-PERFORM** BUY

BUSINESS DESCRIPTION

Source: Reuters

ON Semiconductor Corporation (ON Semiconductor) designs, manufactures and markets a portfolio of semiconductor components that address the design needs of electronic systems and products. The Company operates in three segments: Application Products Group, Standard Products Group, and SANYO Semiconductor Products Group. The Company's power management semiconductor components control, convert, protect and monitor the supply of power to the different elements within a variety of electronic devices. The Company's portfolio of power and signal management, logic, discrete and custom devices focuses customers in automotive, communications, computing, consumer, industrial, light emitting diode (LED) lighting, medical, military/aerospace, smart grid and power applications. The Company's data management semiconductor components provide clock management and data flow management for precision computing and communications systems. In August 2014, the Company acquired Aptina Imaging.

ON Semiconductor Corp



1 10/31/14 07:38 am ET ... S&P CAPITAL IQ MAINTAINS BUY RECOMMENDATION ON SHARES OF ON SEMICONDUCTOR CORP. (ONNN 8.01**):** We cut our '14 operating EPS estimate to \$0.74 from \$0.80 and '15's to \$0.93 from \$1.05. We keep our 12-month target price at \$10, on P/E below peers to reflect ONNN's leveraged balance sheet. ONNN posts Q3 operating EPS of \$0.21 vs. \$0.17, missing our \$0.23 estimate. Sales rose 10% from Q2, near expectations, aided by the Aptina acquisition. Margins widened, on higher utilization. While we see near term results being hurt by slowing demand, similar to peers, we expect Q4 to mark an order trough. Next year, we see momentum from design wins in automotive and industrials. /A. Zino-CFA

2 10/10/14 10:44 am ET ... S&P CAPITAL IQ CUTS OPINION ON SHARES OF ON SEMICONDUCTOR TO BUY FROM STRONG BUY (ONNN 7.6432**):** We reduce our 12-month target price by \$3 to \$10, on lower revised peer-discount P/E ratio to our '15 operating EPS estimate. We believe the discount is warranted to reflect our view of its more leverage financial position. We are optimistic about long term growth trends and exposure to higher growth markets like industrial and automotive. However, we think recent comments from other technology suppliers point towards softness in the communications space and in China. Given this, we see an inventory correction and heightened risks to Q4/Q1 earnings estimates in the coming weeks. /A. Zino-CFA

3 08/20/14 ON Semiconductor announced the completion of its acquisition of Aptina Imaging. The company announced that Taner Ozelik, has been named senior vice president of the Aptina image sensor business and will report to Keith Jackson, president and CEO of ON Semiconductor. Ozelik joins the company from Aptina, where he was leading the Automotive and Embedded business as senior vice president. Prior to joining Aptina, he directed product development at NVIDIA, where he held various executive positions including vice president and general manager of Automotive and Embedded business. Before that, he held the roles of CEO at MobileSmarts and vice president & general manager for Sony Semiconductor's Digital Home Platform Division.

ON Semiconductor Corp

IMPORTANT DISCLOSURES FOR ONNN

Regulation Analyst Certification: The views expressed in this research report accurately reflect Schwab's quantitative research model, and no part of Schwab's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views disclosed in the research report.

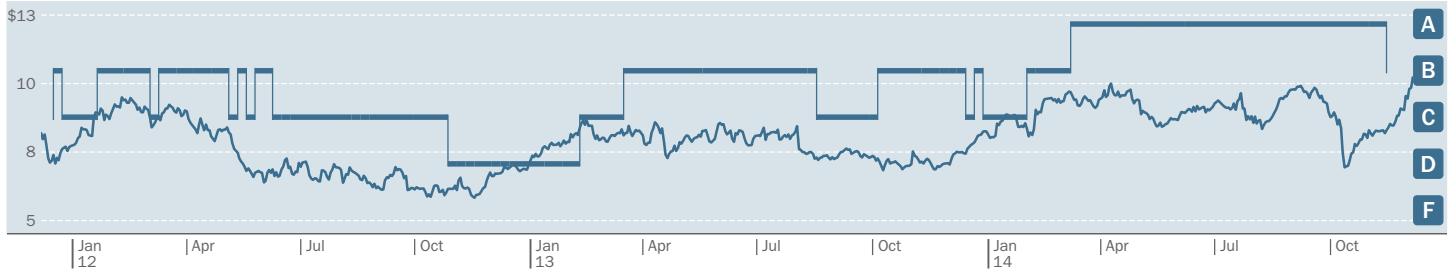
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Within the previous 12 months, the percentage of companies that have a Schwab Equity Rating and for which Schwab has provided investment banking services are as follows:

- 2.60% in Buy Category (Schwab Equity Ratings and Schwab Equity Ratings International of A or B)
- 2.59% in Hold Category (Schwab Equity Ratings and Schwab Equity Ratings International of C)
- 2.23% in Sell Category (Schwab Equity Ratings and Schwab Equity Ratings International of D or F)

Price History for ONNN

Schwab Equity Rating History for ONNN



SCHWAB EQUITY RATINGS MEANING AND DISTRIBUTION

Schwab Equity Ratings are assigned to approximately 3000 of the largest (by market capitalization) stocks of issuers headquartered or incorporated in the U.S. or in certain foreign nations where companies typically incorporate or locate for tax or operational reasons. The explanation and table below are included to assist you in using Schwab Equity Ratings as one component of your own research to evaluate stocks and investment opportunities.

Schwab rates stocks using a scale of A/B/C/D/F. Schwab's outlook is that "A" rated stocks, on average, will strongly outperform and "F" rated stocks, on average, will strongly underperform the equities market over the next 12 months. Schwab Equity Ratings are based upon a disciplined, systematic approach that evaluates each stock on the basis of a wide variety of investment criteria from four broad categories: Fundamentals, Valuation, Momentum, and Risk. This approach attempts to gauge investor expectations since stock prices tend to move in the same direction as changes in investor expectations. Stocks with low and potentially improving investor expectations tend to receive the best Schwab Equity Ratings ("A" or "B" ratings), while stocks with high and potentially falling investor expectations tend to receive the worst Schwab Equity Ratings ("D" or "F" ratings). From time to time, Schwab may update the Schwab Equity Ratings methodology.

Schwab Equity Ratings Distribution

Schwab Equity Rating	Percentile Ranking Distribution	Distribution of Rating Within Sector	12 Month Return Outlook	General Buy/Hold/Sell Guidance*
A	1 - 5	Top 5%	Strongly Outperform	Buy
B	6 - 30	Next 25%	Outperform	Buy
C	31 - 70	Next 40%	Marketperform	Hold
D	71 - 95	Next 25%	Underperform	Sell
F	96 - 100	Bottom 5%	Strongly Underperform	Sell

*The general buy/hold/sell guidance is relative to other rated equities only. Before considering whether to take any action, an investor should consider whether equities generally are performing well in comparison to other asset classes and whether other equities in the same sector or category with the same or better rating may be more appropriate.

Investment Rating Explanation

A (Strongly Outperform): If an investor is looking to add a stock to his or her portfolio, "A" rated stocks may be the best candidates for consideration.

B (Outperform): An investor looking to add a stock to his or her portfolio might also consider a "B" rated stock, though preference should be given to "A" rated stocks.

C (Marketperform): An investor would not usually consider a "C" rated stock for purchase. An investor that has a "C" rated stock in his or her portfolio should consider continuing to hold the stock, and might monitor the stock's ongoing performance and compare the potential benefits of owning a stock with higher ratings.

D (Underperform): An investor holding a "D" rated stock should consider whether it is appropriate to continue to hold that stock in his or her portfolio. An investor would not usually consider a "D" rated stock for purchase.

F (Strongly Underperform): An investor holding an "F" rated stock should consider whether it is appropriate to eliminate that stock from his or her portfolio. An investor would not usually consider an "F" rated stock for purchase.

Percentile Rankings Explanation: Each of the approximately 3,000 stocks rated in the Schwab Equity Ratings U.S. universe is given a score that is derived from the research factors used in the Schwab Equity Ratings model. Once the stock's composite score, which includes all research factor scores, is calculated, the universe of rated stocks is divided into the largest (by market capitalization) 800 stocks ("large-cap" stocks) and the remainder ("small-cap stocks"). The large- and small-cap groups are further divided into ten economic sectors within each capitalization group. The assignment of a final Schwab Equity Rating depends on how well a given stock's composite score ranks against the composite scores of other stocks in the same capitalization group and sector. The result is a stock's within-capitalization-group and within-sector, or cap-neutral and sector-neutral, percentile ranking. The lowest percentile rankings represent the best scores and correspond to the best letter grades. For example, in a sector of 400 rated stocks, the top 4 stocks would receive a percentile ranking of 1 and the bottom 4 stocks would receive a percentile ranking of 100. Stocks ranked in percentile groups 1-5 are rated "A" and those in percentile groups 6-30 are rated "B."

Descriptions for Non-Rated Stocks

Category	Definition	Description
NR	Not Rated	Schwab has decided not to publish a rating on this stock due to unusual or extraordinary business circumstances related to this company. Although Schwab generally does not monitor C, D, and F rated stocks for unusual or extraordinary business circumstances, from time to time, a rating of NR may appear on a particular stock.
NA	Not Available	A Schwab Equity Rating is not available on this stock due to insufficient information about this stock.
NC	Not Covered	This stock is not currently in the Schwab Equity Rating universe or is prohibited from coverage for regulatory or other reasons.

SCHWAB INDUSTRY RATINGS MEANING AND DISTRIBUTION

ON Semiconductor Corp

IMPORTANT DISCLOSURES FOR ONNN

About Schwab Industry Ratings

The Schwab Center for Financial Research (SCFR) uses an objective and disciplined approach to rank industries as classified by the widely recognized GICS (Global Industry Classification Standard) groupings. The GICS structure is comprised of sectors, industry groups, industries and sub-industries. Schwab Industry Ratings is a ranking at the industry level.

The term industry is used to describe a business activity (e.g. software, airlines, beverages). If a company participates in multiple business activities, it is usually considered to be in the industry in which most of its revenues is derived.

There are three component grades underlying Schwab Industry Ratings. Each Schwab Industry Rating component grade and respective factors are calculated for each stock in the Schwab Equity Ratings® universe of 3200 stocks and ranked relative to the universe. Stock rankings are then aggregated into an average score for each GICS industry. Next, average scores are ranked relative to the GICS industries and each industry is assigned a Schwab Industry Rating grade of "A", "B", "C", "D" or "F." An industry must include at least 6 companies in order to be rated.

Charles Schwab & Co., Inc. ("Schwab") rates industries "A", "B", "C", "D" or "F". Schwab's outlook is that "A" rated industries, on average, will strongly outperform and "F" rated industries, on average, will strongly underperform the broad equities market over the next 12 months. Schwab Industry Ratings are based upon a disciplined, systematic approach that evaluates each industry on the basis of a wide variety of investment criteria from three broad categories: Fundamental Perspective, Valuation Perspective and Momentum Perspective. This approach attempts to gauge investor expectations and the potential of an industry. Schwab Industry Ratings are not based on the Schwab Equity Ratings of the securities within the industry. Over time, the methodology upon which Schwab Industry Ratings are based may be altered.

How to use Schwab Industry Ratings

There are two uses for Schwab Industry Ratings. The primary use should be for stock selection in conjunction with Schwab Equity Ratings. The other use can be for clients interested in pursuing industry over- and under-weightings within their portfolios and/or industry rotation strategies. It is important for investors to maintain a well diversified portfolio.

How to use Schwab Industry Ratings in conjunction with Schwab Equity Ratings

In conjunction with Schwab Equity Ratings, Schwab Industry Ratings can be useful in screening new stock purchases and in identifying portfolio holdings for possible sale. Schwab Equity Ratings should be given more consideration when making individual stock buy and sell decisions. For example, a "D" or "F" rated stock in an "A" rated industry is still considered a sell candidate by Schwab. Schwab's outlook is that among stocks with similar Schwab Equity Ratings, those with high industry ratings will outperform those with low industry ratings over a 12-month time horizon.

Sector and industry diversification is a critical building block in portfolio construction. A review of sector weights coupled with individual stock concentration is a critical step in evaluating portfolio risk. Simply investing in industries or sectors that Schwab rates highly will not result in a diversified portfolio. To find out how well diversified your portfolio is, Schwab clients should use the Portfolio Checkup tool on schwab.com.

Schwab Industry Ratings Distribution

Schwab Industry Rating	Schwab Industry Rating Distribution	12 Month Investment Outlook for Industry
A	Top 20%	Strongly Outperform
B	Next 20%	Outperform
C	Next 20%	Marketperform
D	Next 20%	Underperform
F	Bottom 20%	Strongly Underperform

Schwab Industry Ratings should not be considered as guidance for buying, holding or selling an individual security. Please refer to the Schwab Equity Ratings for information on general buy, hold and sell guidance for individual equities.

Descriptions for Non-Rated Industries

Category	Definition	Description
NR	Not Rated	Schwab has decided not to publish a rating on this industry due to unusual or extraordinary business circumstances related to this industry.
NC	Not Covered	This industry is not currently in the Schwab Industry Ratings universe or there are an insufficient number of companies in the industry for Schwab to provide a rating.

IMPORTANT DISCLOSURES FOR GLW

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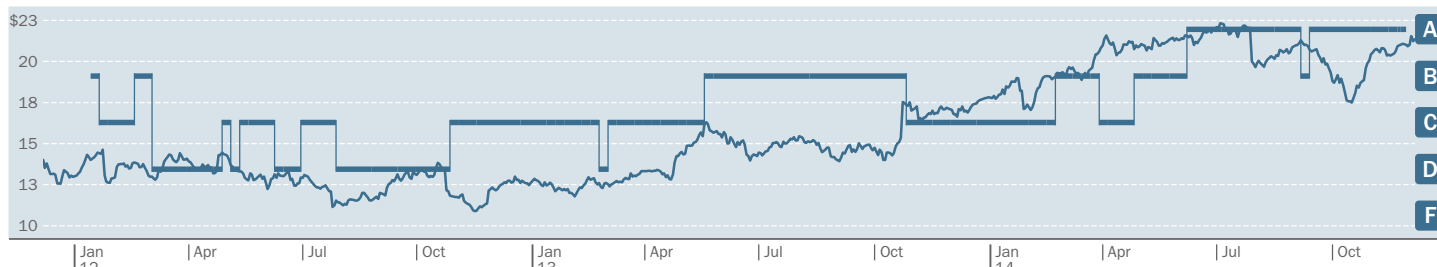
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Price History for GLW

Schwab Equity Rating History for GLW



IMPORTANT DISCLOSURES FOR GSIG

ON Semiconductor Corp

Price History for GSIG

Schwab Equity Rating History for GSIG



IMPORTANT DISCLOSURES FOR OVTI

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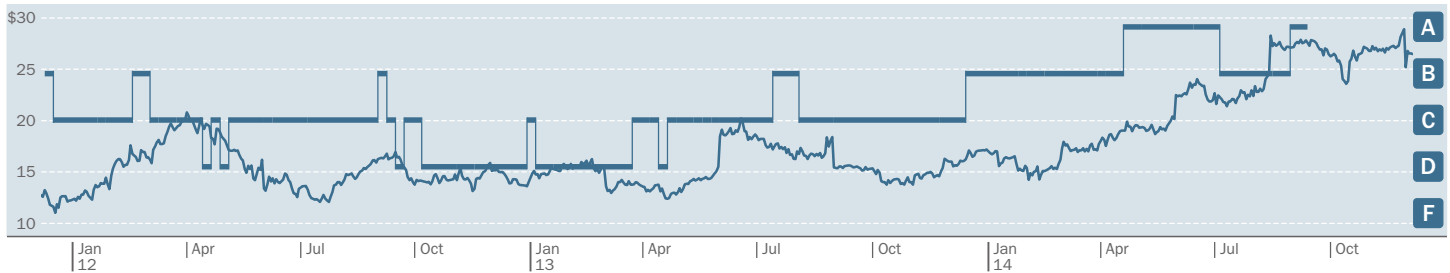
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Price History for OVTI

Schwab Equity Rating History for OVTI



IMPORTANT DISCLOSURES FOR SANM

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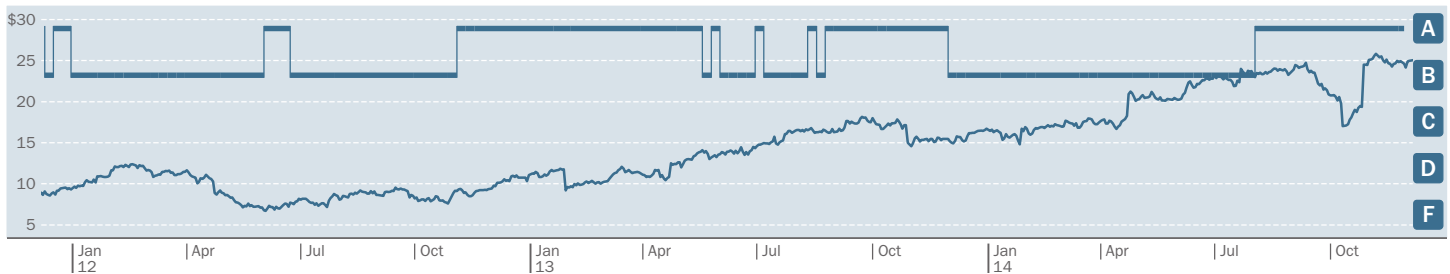
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Price History for SANM

Schwab Equity Rating History for SANM



IMPORTANT DISCLOSURES FOR TSRA

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ON Semiconductor Corp

Price History for TSRA

Schwab Equity Rating History for TSRA



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¹Markit on Demand used S&P Capital IQ's data in making its calculations.