



ON Semiconductor®

To: Our Valued Customers, Sales Representatives and Distributors
Date: May 14, 2021
Subject: ON Semiconductor Business Update to Epoxy Molding Compound Supply Restriction

Dear valued customer:

We have been notified by our supplier, Showa Denko Materials, of a supply restriction by as much as 50% on their epoxy molding compound across the industry affecting our finished product delivery dates in Q3 and possibly Q4 of 2021.

Epoxy molding compounds (EMCs) for semiconductors are used for protecting semiconductor chips from the external environment, particularly physical forces, such as impact and pressure, and chemical forces, such as moisture, heat, and ultraviolet rays. This maintains the electrical insulation properties of the semiconductors, and provides a form for easy mounting of the semiconductor onto a printed circuit board.

The root cause of this restriction is a combination of rapid, un-forecasted demand, sub-suppliers shutdowns due to cold weather in Q1 '20 and latent transportation vessel shortages due to COVID-19.

Since notification of this restriction in late April, ON Semiconductor has been exploring strategies to mitigate the situation, including identifying OPNs with the same die technology that have available alternate compounds. Each of these alternate mold compounds have completed successful component reliability qualification to AEC Q100 for integrated circuits and AEC Q101 for discrete semiconductors. Specific data has been included in the product change notifications.

While this might seem abrupt, notifications of this compound change have previously been communicated and current business conditions dictate this solution to be low-risk in ensuring orders are kept intact.

On June 1, 2021, ON Semiconductor will move forward in updating our bill of materials (BOM) with these alternate mold compounds. In order to accept this product change notification (PCN), please send your approval to your account PCN manager at your earliest convenience.

Without approval by that date, we will assume a 'no' response and implement a reduction, hold or pushout of orders.

A full assessment of your orders will be provided for reference. We thank you for your continued partnership in achieving the best possible outcome.

Regards,

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

Kimberley Appleton
Senior Vice President, Global Sales Operations
ON Semiconductor