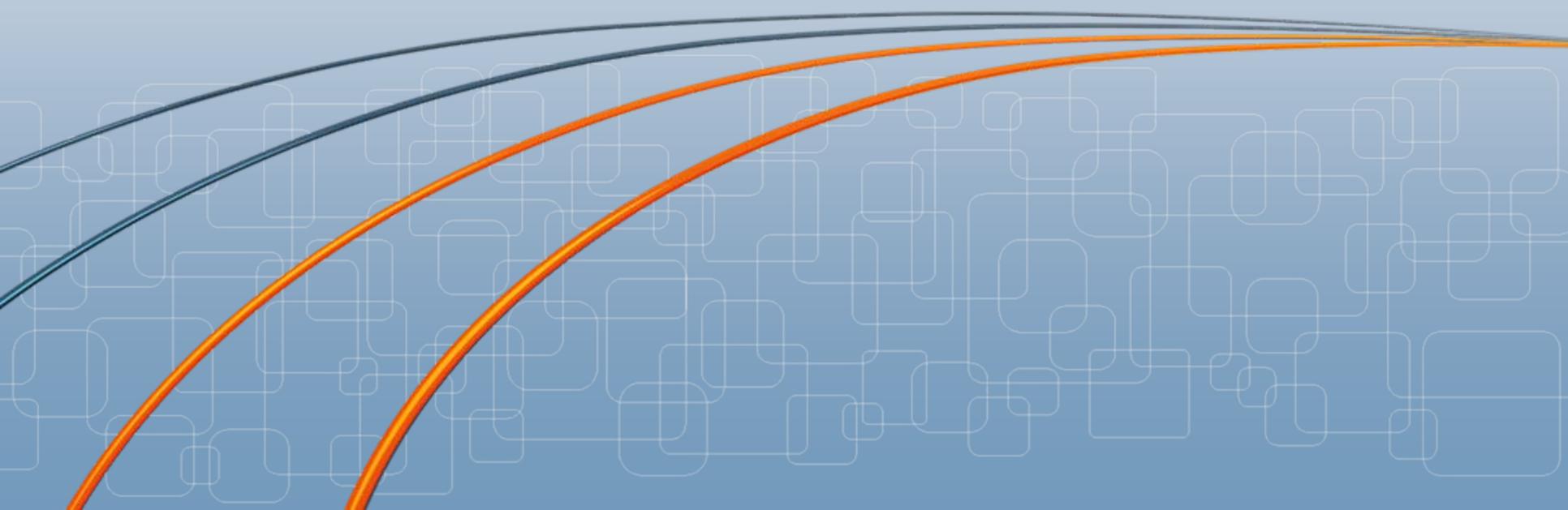


# New strategic direction

April 23 2012



# Safe harbor statement

This presentation contains forward-looking statements that involve inherent risks and uncertainties. We have identified certain important factors that may cause actual results to differ materially from those contained in such forward-looking statements.

For a detailed description of risk factors see STMicroelectronics' (NYSE:STM) and Ericsson's (NASDAQ:ERIC) filings with the US Securities and Exchange Commission, particularly each company's latest published Annual Report on Form 20-F.

Didier Lamouche

President and Chief Executive Officer

# Our strategic objective

Become a sustainable and profitable technology leader in our industry, by repositioning our whole business model

# Today's announcement

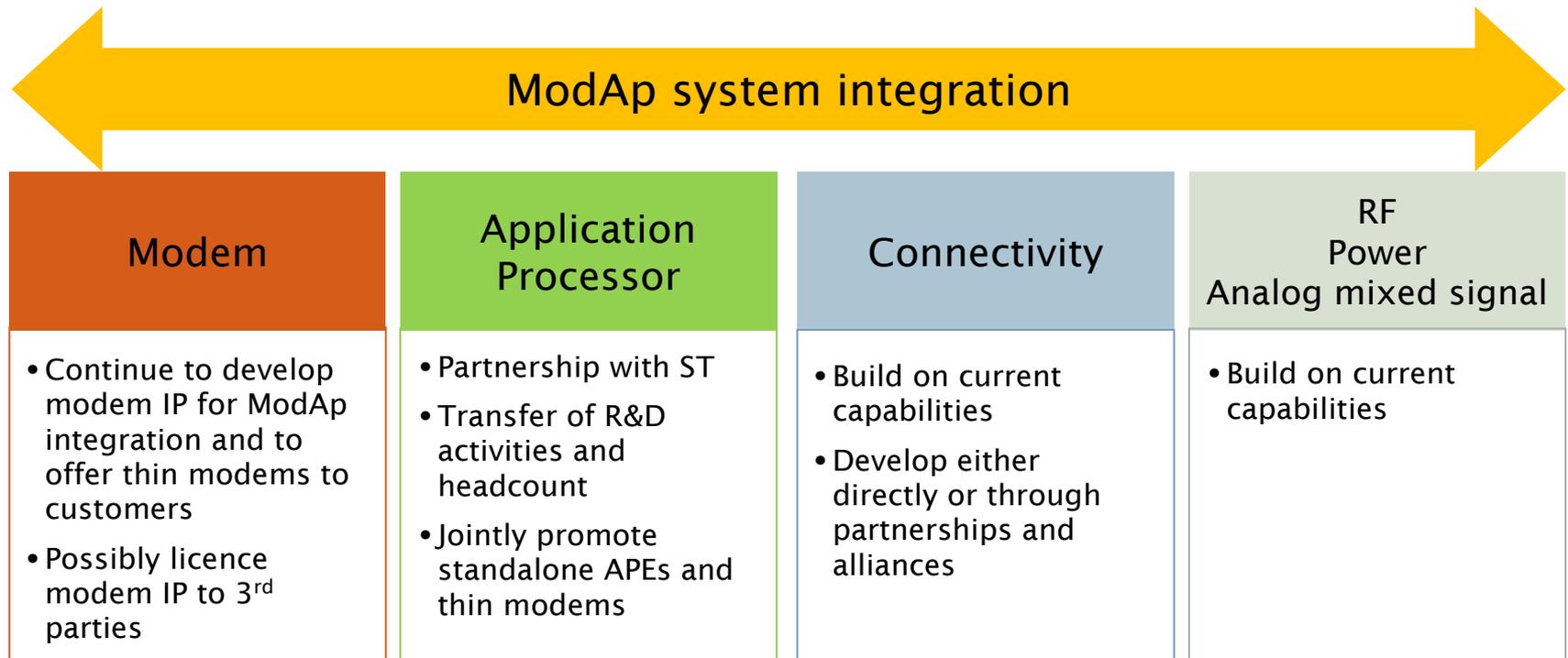
New strategic direction which allows us to build on our strength in system integration and get to a sustainable, profitable leadership position in our industry.

Built around four main pillars:

- ModAp systems as a key strategic differentiating offering through partnerships
- Partnership with ST to create a world-class organization for application processors
- Accelerate time-to-market
- Lower the breakeven point

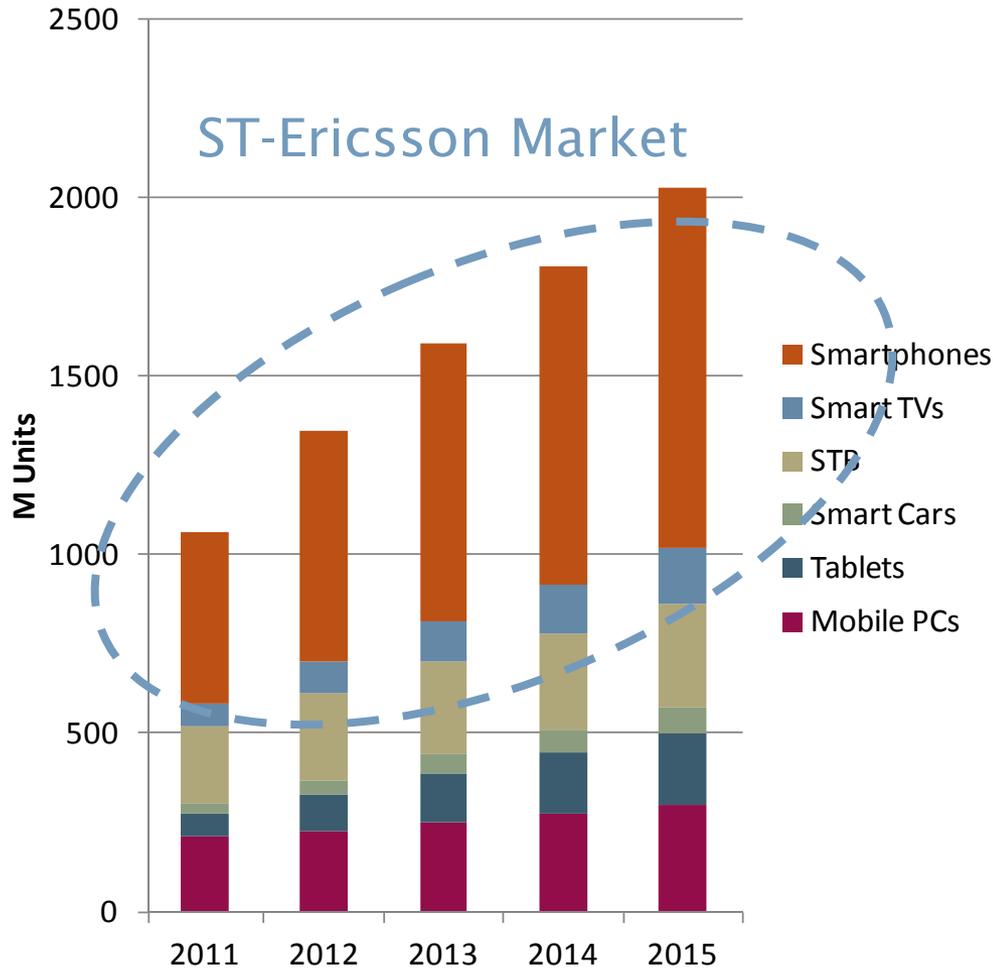
# ModAp systems as a key strategic differentiating offering through partnerships

- Focusing the R&D portfolio to deliver highly competitive complete system solutions in the form of **integrated ModAp platforms**
- Repositioning **whole business model** to develop key building blocks either directly or through partnerships



- **Full continuity** of ST-Ericsson committed roadmap and current customer engagements

# Application Processor market growing fast - providing increasing opportunities



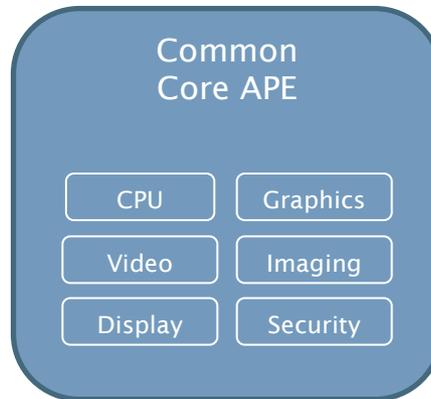
- The wireless products - smartphones and tablets, represent the largest sub-segment of the application processor market
- Through the partnership with ST, ST-Ericsson can reach a wider customer base in multiple digital segments

# Application processor partnership

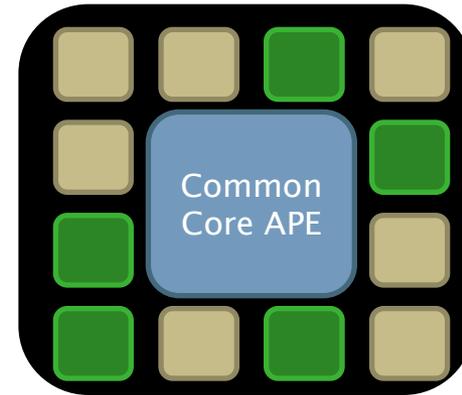
Combining ST and ST-Ericsson competencies in one Team



Development of common core APE



Market-specific Complete platforms



# The partnership with ST

- Partnership with ST to create a world-class development organization for application processors
- ST-Ericsson:
  - transfers its application processor development R&D activity and employees to ST
  - takes a license to integrate the application processor in ModAp platforms for smartphones and tablets
  - enters into a commercial agreement to jointly promote and offer stand-alone processors and thin modems, respectively, to a broader range of customers and applications
- The application processor R&D team will continue the development of the current product generation, ensuring full continuity to ST-Ericsson's product roadmap

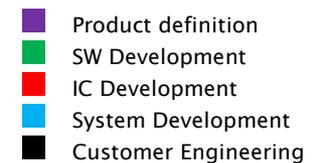
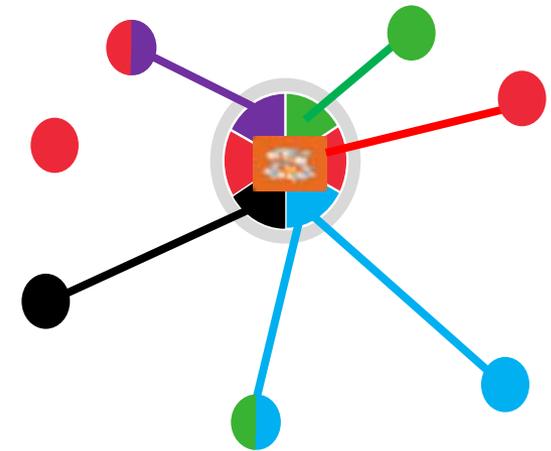


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# Accelerate time-to-market

- **Focus on improving R&D execution** and accelerating time-to-market, while reducing the overall operating expenses
- Consolidation\* of R&D centers in a significantly **smaller number of sites**, specialized by technology
- Sites will be organized as “**centers of excellence**” with larger sites integrating a wider portion of the smartphone value chain

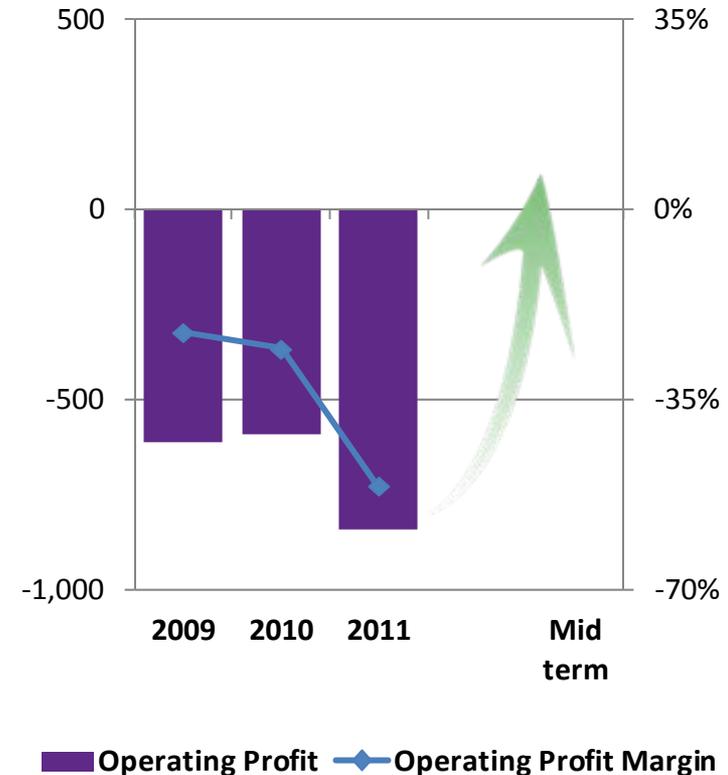


\*subject to negotiations with work councils and employee representatives as required

# Lower the breakeven point

- **Global workforce reduction** of about 1,700 employees worldwide\*, including the headcount that would be transferred to ST
  - **Reducing R&D costs through partnership** and site consolidation
  - **Reduction of SG&A expenses by about 25 %** versus 2011, streamlining the general and administrative activities
- **Partnership** for application processors with ST
  - Transfer fixed cost to variable
  - Achieve scale to support sustainable execution
- **Target annualized net savings** of \$320M from new and on-going restructuring plans on completion end of 2013
- **Restructuring charges** \$130-150M (including remaining charges related to ongoing restructuring plan to be completed at 2012-end) through completion

## Operating Profitability Improvement



\*subject to negotiations with work councils and employee representatives as required

# Our roadmap to success



Thank you