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## ERICSSON AND STMICROELECTRONICS COMPLETE TRANSACTION TO SPLIT UP ST-ERICSSON

- Formal transfer of relevant parts of ST-Ericsson to the parent companies has taken place on August 2, 2013
- Close down of the remaining activities of ST-Ericsson has started

Ericsson (NASDAQ:ERIC) and STMicroelectronics (NYSE:STM) today announced the closing of the transaction for the split up of ST-Ericsson. This follows the announcement the companies made on March 18, 2013 on the chosen strategic option for the future of the joint venture.

Effective August 2, 2013 Ericsson has taken on the design, development and sales of the LTE multimode thin modem solutions, including 2G, 3G and 4G interoperability. In total, approximately 1,800 employees and contractors have joined Ericsson.

ST has taken on the existing ST-Ericsson products, other than LTE multimode thin modems, and the GNSS (Global Navigation Satellite System) connectivity solution sold to a third party, and related business as well as certain assembly and test facilities. In total, approximately 1,000 employees have joined STMicroelectronics.

As previously communicated, Ericsson and ST have taken the expenses and the margin of their respective activities since March 2, 2013.

The close down of the remaining parts of ST-Ericsson has started and both parents are assuming equal funding of the wind-down activities.

Douglas Gilstrap, Senior Vice President and Chief Strategist at Ericsson said: "We welcome the team of about 1,800 modem-experts that join Ericsson. Ericsson continues to see great value in the LTE multimode thin modems as they are an important part of our vision of 50 billion connected devices in a Networked Society. The market potential is there and Ericsson will now focus on bringing the best modems to market, and work closely with customers to integrate them into their products."

Georges Penalver, Executive Vice President, Chief Strategy Officer at ST said: "We have finalized the agreement fully on track to our plan, with minimized social impact and lower exit costs than anticipated. We welcome our new employees as we are adding strong competencies in the areas of embedded processing, RF, analog and power technologies, as well as in software and complex system integration, to fuel growth in many of our product areas where we have significant business opportunities."

With this move Ericsson now has a highly focused thin-modem operation with industry leading technology and Intellectual Property. The LTE multimode thin modems are targeted for smartphones and tablets as well as other connected devices.

Mats Norin Head of Modems at Ericsson said: "The products are future proof for successor standards, and cover all major access standards including LTE FDD/TDD, HSPA+, TD-

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SCDMA and GSM. The small size and low power consumption, leading to longer battery life time makes these modems a very attractive product on the market. We are now in a very exciting execution phase and we continue to engage with customer development teams.”

In the fourth quarter, 2012, Ericsson made a provision of SEK 3.3 b., which provides for Ericsson’s share of obligations for the wind-down of ST-Ericsson and resulted in a net exposure of SEK 1.6 b. at the end of the second quarter, 2013.

Once the multimode thin modem business has been fully integrated into Ericsson in the fourth quarter 2013 the operation will continue to be reported as a segment. Our current best estimate, which is in line with our previously communicated estimates, is that it will generate operating losses of approximately SEK -0.5 b. in fourth quarter 2013, primarily related to R&D expenses.

### NOTES TO EDITORS

Download high-resolution photos and broadcast-quality video at [www.ericsson.com/press](http://www.ericsson.com/press)

*Ericsson is a world-leading provider of communications technology and services. We are enabling the Networked Society with efficient real-time solutions that allow us all to study, work and live our lives more freely, in sustainable societies around the world.*

*Our offering comprises services, software and infrastructure within Information and Communications Technology for telecom operators and other industries. Today 40 percent of the world's mobile traffic goes through Ericsson networks and we support customers' networks servicing more than 2.5 billion subscriptions.*

*We are more than 110,000 people working with customers in more than 180 countries. Founded in 1876, Ericsson is headquartered in Stockholm, Sweden. In 2012 the company's net sales were SEK 227.8 billion (USD 33.8 billion). Ericsson is listed on NASDAQ OMX, Stockholm and NASDAQ, New York stock exchanges.*

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