



Press Release
June 23, 2011

ST-Ericsson announces new cost savings plan

- **Plan aimed to achieve \$120 million of annualized savings by end of 2012**
- **Includes global workforce review that may affect up to 500 employees worldwide**
- **Company also pushes out target for break -even based on current visibility**

Geneva, Switzerland, June 23, 2011 - ST-Ericsson, a joint venture of STMicroelectronics (NYSE:STM) and Ericsson (NASDAQ:ERIC), today announced that due to recent changes in the business environment and reduced demand for legacy products at certain customers, it will launch a cost savings plan to achieve about \$120 million of annualized savings by the end of 2012.

"These actions while necessary to strengthen the financial position of the company, will not compromise the execution of our new products and delivery to our customers," said Gilles Delfassy, president and CEO of ST-Ericsson. "We continue to gain traction on our new product portfolio and remain steadfastly committed to leadership in the smartphone and tablet markets."

Also, while the company keeps its strong focus to improving financial performance, the company's path to profitability is expected to take longer, with the target break -even, based on current visibility, now planned later than the previously anticipated second quarter 2012.

The cost savings plan includes a global workforce review that may affect up to 500 employees worldwide. Specific country impact related to the plan and further details will be provided when employee representatives have been involved where required. Restructuring costs are estimated to be approximately \$55 million, of which the majority is expected to be recorded during the second half of 2011.



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About ST-Ericsson

ST-Ericsson is a world leader in developing and delivering a complete portfolio of innovative mobile platforms and cutting-edge wireless semiconductor solutions across the broad spectrum of mobile technologies. The company is a leading supplier to the top handset manufacturers and generated sales of \$2.3 billion in 2010. ST-Ericsson was established as a 50/50 joint venture by STMicroelectronics (NYSE:STM) and Ericsson (NASDAQ:ERIC) in February 2009, with headquarters in Geneva, Switzerland.

www.stericsson.com

www.twitter.com/STEricssonForum

FOR FURTHER INFORMATION, PLEASE CONTACT:

Global Communications & Media Relations

Carol Streitberger Brighton, Geneva, Switzerland

Public & Media Relations

Roland Sladek, Geneva, Switzerland

Kristina Embring Klang, Lund, Sweden

Phone: +41 22 930 2733

Email: media.relations@stericsson.com

Ericsson Investor Relations

Asa Konnbjer, Stockholm, Sweden

Phone: +46 10 713 3928

E-mail: investor.relations@ericsson.com

Investor & Analyst Relations

Fabrizio Rossini, Geneva, Switzerland

Phone: +41 22 929 6973

Email: investor.relations@stericsson.com

STMicroelectronics Investor Relations

Tait Sorensen, Phoenix AZ, US

Phone: +1 602 485 2064

Celine Berthier, Geneva, Switzerland

Phone: +41 22 929 5812

Email: investors@st.com

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The ST-Ericsson results reported in this press release do not reflect in their entirety the results of the Wireless Segment of STMicroelectronics, which include other activities that are not part of ST-Ericsson.

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This press release 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.