



SECOND QUARTER REPORT 2009





SAFE HARBOR

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.





SECOND QUARTER REPORT 2009

Alain Dutheil, President and CEO

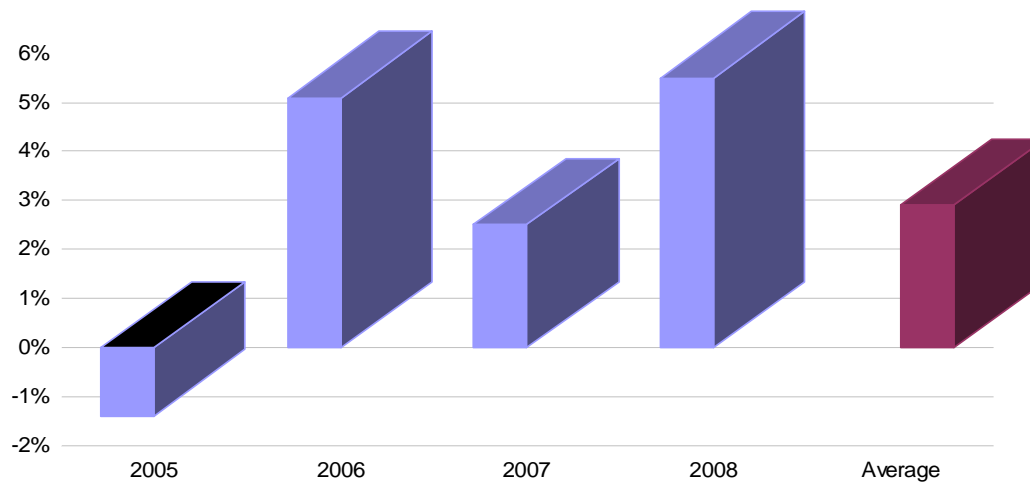


MARKET UPDATE



- Market hit bottom during the first quarter
- Wireless semiconductor market starting to overcome the recession
- Growth mainly driven by Asia
 - TD-SCDMA in China
 - Consumer demand for mobile broadband

Wireless semiconductor sales Q2oQ1 growth (2005-2008)



Source: iSuppli Q2 2009



ST-ERICSSON UPDATE



- Sales above normal seasonal patterns
 - Strong momentum in China and rest of Asia Pacific
- Strategic win with China Mobile
 - Supporting four customers during 2009-2010
- Strengthened partnership with Samsung
 - Innovative platform for its first high-end TD-SCDMA/EDGE phone
- Too early to speak about a real market recovery elsewhere



中国移动通信
CHINA MOBILE



SECOND QUARTER SUMMARY



- Net sales of \$666 million, up 18.5% sequentially
 - Higher demand in China and rest of Asia Pacific
 - Inventory alignment across all the handset supply chain
- Operating loss \$165 million
 - Including \$20 million of non-recurring items linked to the start-up of the company
- Inventory reduced by \$109 million to \$325 million
 - Optimization of the supply chain management and alignment to current volumes
- Net cash of \$326 million



UPDATE ON RESTRUCTURING PLANS



- **\$250 million cost synergies program defined in Q3 2008**
 - To be completed by year-end 2009 according to plans
 - A planned workforce reduction of 500 worldwide
- **\$230 million restructuring plan announced on April 29**
 - Initiated - to be completed as planned by second quarter 2010
 - Restructuring charges \$35 million in the quarter
 - A planned workforce reduction of 1,200 worldwide



NEW ORGANIZATION



- Alignment to the product strategy announced in April
 - Future convergence to one 3G roadmap
 - A continued commitment on 2G/EDGE, TD-SCDMA and connectivity
 - Focus on fast growing next generation access technologies such as LTE
- Completion of the integration
- Three product groups, focusing on:
 - 2G, EDGE, TD-SCDMA and Connectivity
 - 3G - Multimedia Platforms
 - HSPA, HSPAevo and LTE - Connected Devices
- Supported by an R&D shared services group - driving efficiency
- Faster go-to-market, speed in execution and focus on innovation



ST-ERICSSON LEADING LTE



- World's first LTE platform in 2008 - ready for commercial integration
- Providing earliest possibility to test networks and create LTE devices
- First USB modems and other data services devices available in 2010



MARKET EVOLUTION



- Business environment remains uncertain in the medium term*
- Normal seasonality market trends likely to be confirmed in the next quarter, primarily driven by Asia*

** This slide contains forward looking statements*



IN SUMMARY



- Sales in the quarter higher than normal seasonal patterns
- Strong momentum in China with leading customers
- New organization announced to accelerate execution of new product strategy
- Restructuring plans on track
- Shaping our long-term success to achieve sustainable profitable growth





THANK YOU

