May 22, 2007

Intel, STMicroelectronics and Francisco Partners Establish a New Leader in Flash Memory

New Company to Deliver Innovative, Cost-Effective Non-Volatile Memory Solutions

GENEVA & SANTA CLARA, Calif.--(BUSINESS WIRE)--

STMicroelectronics, Intel and Francisco Partners today announced they have entered into a definitive agreement to create a new independent semiconductor company from the key assets of businesses which last year generated approximately $3.6 billion in combined annual revenue. The new company's strategic focus will be on supplying flash memory solutions for a variety of consumer and industrial devices, including cellular phones, MP3 players, digital cameras, computers and other high-tech equipment.

The new company will combine key research and development, manufacturing and sales and marketing assets of Intel and STMicroelectronics into a streamlined worldwide structure with the scale to produce cost-effective and innovative non-volatile memory solutions. With STMicroelectronics and Intel contributing more than 40 years of combined experience in non-volatile memory technology development, including next-generation phase-change memory, the company will be well positioned to both serve its customers with complete memory solutions and accelerate the move to future non-volatile memory technologies.

"The new company will be positioned to service customers with all of the elements necessary to deliver current and next-generation non-volatile memory technologies, while allowing ST to redefine its participation in flash memory," said Carlo Bozotti, STMicroelectronics president and CEO, and non-executive chairman designate of the new company.

"The new memory company will have the people, scale and technology leadership to meet the needs of customers requiring leading-edge products in this highly competitive marketplace," said Paul Otellini, Intel president and CEO.

"From the outset, the company will be a leading supplier of flash memory solutions for wireless communications," said Brian Harrison, named to become the CEO of the new company at the close of the transaction and currently vice president and general manager of Intel's Flash Memory Group. "We will be able to offer customers complete solutions with NOR- and NAND-based technologies, which we believe will provide significant opportunities for growth and the potential to develop products for many new application areas and geographic regions."

Under the terms of the agreement, STMicroelectronics will sell its flash memory assets, including its NAND joint venture interest and other NOR resources, to the new company while Intel will sell its NOR assets and resources. In exchange, Intel will receive a 45.1 percent equity ownership stake and a $432 million cash payment at close. STMicroelectronics will receive a 48.6 percent equity ownership stake and a $468 million cash payment at close. Francisco Partners L.P., a Menlo Park, Calif.-based private equity firm, will invest $150 million in cash for convertible preferred stock representing a 6.3 percent ownership interest, subject to adjustment in certain circumstances. Concurrently, the parties have arranged for the new company to receive firm commitments for a $1.3 billion term loan and $250 million revolver. The term loan will be underwritten by a consortium of banks. Proceeds from the term loan will be used for working capital and payment to Intel and STMicroelectronics for the purchase price. The transaction is subject to regulatory approvals and customary closing conditions and is expected to occur in the second half of 2007.

"The new company will immediately be able to offer a very broad range of non-volatile memory solutions in order to address the needs of a wide variety of communications and industrial customers," said Dipanjan Deb, founder and managing partner at Francisco Partners.

The new company, to be managed by Brian Harrison as CEO-designate and Mario Licciardello, currently corporate vice president of ST's Flash Memories Group as COO-designate, will be headquartered in Switzerland and incorporated in the Netherlands with nine main research and manufacturing locations around the world and approximately 8,000 employees. The company will also benefit from a worldwide sales force.

With assets and resources from Intel and STMicroelectronics, including a patent portfolio of approximately 2,500 patents and 1000 patents pending, the new company will have the scale to benefit from the increasing demand for memory resulting from the growing amount of information and content that is becoming more mobile and is now based almost entirely on digital technology. The integration of STMicroelectronics' and Intel's parallel programs on phase-change memory, a key technology capability, will also help to bring the benefits of advanced flash memory technology to potential customers more quickly and efficiently.

About Intel

Intel, the world leader in silicon innovation, develops technologies, products and initiatives to continually advance how people work and live. Additional information about Intel is available at www.intel.com/pressroom.

About STMicroelectronics

STMicroelectronics is a global leader in developing and delivering semiconductor solutions across the spectrum of microelectronics applications. An unrivalled combination of silicon and system expertise, manufacturing strength, Intellectual Property (IP) portfolio and strategic partners positions the Company at the forefront of System-on-Chip (SoC) technology and its products play a key role in enabling today's convergence markets. The Company's shares are traded on the New York Stock Exchange, on Euronext Paris and on the Milan Stock Exchange. In 2006, the Company's net revenues were $9.85 billion and net earnings were $782 million. Further information on ST can be found at www.st.com.

About Francisco Partners

Francisco Partners is a leading global private equity firm focused exclusively on investments in technology and technology-enabled services businesses. With approximately $5.0 billion of committed capital, Francisco Partners pursues structured investments in technology companies, targeting investments in private companies, public companies, and divisions of public companies, with transaction values ranging from $30 million to $3.0 billion. For additional information, visit www.franciscopartners.com

Note: Intel and STMicroelectronics will host a joint conference call for all interested parties on May 22 at 4 p.m. Central Europe Time/7 a.m. Pacific to discuss details and benefits of the transaction. The conference call will be available from http://services.choruscall.com/links/st-intel.html or by calling:

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+1 877 317 6799 from the US

+44 (0)20 7107 0611 from the UK or

+41 91 610 5600 from the rest of the world.
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Those interested in participating should go to the Web site or call in at least 15 minutes prior to the call, in order to register. ST and Intel will hold separate company-specific conference calls for the financial community following the joint call. Details for these individual calls will be posted on each company's Web site.

Source: Intel Corporation