

STMICROELECTRONICS: DIGITAL ELECTRONICS INDUSTRY IS IN DANGER IN EUROPE; INVESTMENT IS NECESSARY TO RELAUNCH IT

We call for an intervention by the United Italian and French, the main shareholders';
By involved European Governments';
By the European Parliament and the European Commission.

The claims made by Carlo Bozotti, CEO of STMicroelectronics, on May 12, 2015 during the investor's day, open somehow the way to closing the digital sector in ST.

Previously the CEO had confirmed its willingness to stop technological development for technologies below 14 nanometers.

Such statements portend the worst for employment, not only those directly involved, but to the whole enterprise, if they let go of the process of regression. A process that has already cost, in recent years, many jobs in Europe and in the countries of the world in which ST is present. More specifically, between 2007 and 2011, ST has lost 8560 employees.

Over the 10 years as president of C. Bozotti, ST has fallen from third to eleventh place in the world ranking of semiconductor companies and has pursued financialization to the bitter end, in its management, which has not produced any result. Revenues have decreased since 2005 by about 20%, and profits have disappeared despite a favorable environment and a growing market.

ST employees have undergone a strict austerity policy, while Bozotti profits have increased by 258% in 10 years.

Similarly, the massive distribution of dividends reduces the resources available for investment. A bit of figures measure the extent of the problem:

- From 1998 to 2004, ST gained \$ 3.95 billion and has distributed \$ 312 million in dividends.
- From 2005 to 2014, ST has lost \$ 3.6 billion and has distributed \$ 2.6 billion in dividends.

Employees denounced this 'strategy' without readability and with short-term visibility, which led to STMicroelectronics to business failures and ineffective reorganizations. The technological independence of Europe is at risk. National and European subsidies paid the company for investment in R & D and therefore must not serve to remunerate indecently senior executives and shareholders, but to develop and sell technologies to build the future and create jobs in Europe, thus enforcing usefulness for the population.

Contrary to what the leaders said, that there is a "problem of the digital sector" that it is enough to deal with the abandon ship of the sector itself. There is a problem due to the financial management and an insufficiency of investment that concerns the entire company, both in the digital and analog sectors.

ST employs 43,782 people worldwide:

10980 in France, 9790 in Italy, 1688 in Malta, 206 in Germany, 145 in the UK, 137 in the Czech Republic and 210 in Switzerland. ST is also present in other European countries: Belgium, Finland, Hungary, Netherlands, Poland, Russia, Spain, Sweden, Turkey and even outside Europe.

ST is a major company in Europe, particularly in the South, and is the only one that preserves both the R & D and many important manufacturing centers. The fate of activities outside of Europe is closely linked to that of the European centers and to the company's strategy. In addition to this, the skills of all the sites in the world are highly complementary.

France and Italy have control of the company through a "pact between shareholders."

The delegates of the European Committee challenge the "shareholder States" and all governments and the European institutions involved. They ask:

- Abandon ship of short-term financial strategy;
- Priority to industrial investments and innovation;
- A distribution of dividends subject to the profits of the company and not a guaranteed value regardless of the outcome;
- A real change of management with the return to a strategy of long-term development in all areas of the company and the investments needed to ensure the future of all sites, technological independence and the preservation of jobs in all countries;
- The strengthening of public control parity between France and Italy and a real support from those States:
 - Proposing an action at the European Union to strengthen the position of ST in Europe;
 - Imposing an obligation of results to management team;
 - The commitment of the management team in using of public funds;
- Concrete means to implement Europe's ambitions in the field of microelectronics;
- The appointment of a new management team whose mission is to revitalize the company, strengthen capital expenditures and R & D, manage resources;
- Ensure a minimum level in the quality and quantity of employment in the European sites.

Nowadays we often speak about digital revolution, the "Internet of Things" and similar topics, but let us not forget that at the basis of this revolution there are digital components. We must recover the microelectronics and tie it to the needs downstream, to consolidate it in Europe, promoting the necessary cooperation between member states.

The representatives of the EWC (European Works Council) should call, as soon as possible for a meeting with representatives of the French and Italian states and the European Commission Representatives, to discuss the future of the company of STMicroelectronics in Europe.

Letter signed by the delegates of the EWC (European Works Council) of STMicroelectronics during the meeting of June 17, 2015 in Paris.

Pending a response, please accept, dear Sir/Madam.

Truly yours
Mr. Henri Errico

Secretary of the STMicroelectronics' European Works Council