

Nokia, STMicroelectronics plan deeper ties in 3G technology development

August 8 2007

Nokia and STMicroelectronics today announced their intention to deepen their collaboration on the licensing and supply of integrated circuit designs and modem technologies for 3G and its evolution. The two companies also are negotiating a plan relating to transferring a part of Nokia's Integrated Circuit (IC) operations to STMicroelectronics.

The multifaceted agreement will enable STMicroelectronics to design and manufacture 3G chipsets based on Nokia's modem technologies, energy management and RF (radio frequency) technology and deliver complete solutions to Nokia and the open market.

At the same time, Nokia and STMicroelectronics are negotiating Nokia's IC operations transfer plan and accordingly, in order to reorganize and effect the planned competence transfer Nokia will start the personnel consultation process required by local regulations with its personnel representatives. The transfer is anticipated to concern approximately 200 Nokia employees in Finland and the UK, and it is estimated to take place during the fourth quarter 2007.

Nokia has also awarded ST a design win of an advanced 3G HSPA ((high-speed packet access) chipset supporting high data rates, which would be the first contribution of the acquired IC design operations. This design win represents ST's first win of a complete 3G chipset.

The collaboration between Nokia and STMicroelectronics is in line with the renewal of Nokia's chipset strategy. Nokia will continue to develop

its leading-edge modem technology, which includes protocol software and related digital design for WCDMA/GSM and its evolution. This modem technology will then be licensed to chipset manufacturers who will develop and produce chipsets for Nokia. These manufacturers will also be able to produce and sell to the open market chipsets based on Nokia's modem technology.

"Nokia's strategy will be to collaborate with its semiconductor partners for full chipset solutions," said Niklas Savander, Executive Vice President, Technology Platforms, Nokia. "We have worked with STMicroelectronics for many years and the company is a perfect partner for this expanded collaboration."

"We are excited about the possibilities that the intended IC technology transfer will bring us," said Tommi Uhari, Executive Vice President and General Manager of ST's Mobile, Multimedia & Communications Group. "The intended IC technology transfer, with the world-class engineering skills and licensing of Nokia's world-leading 3G modem technologies, will enhance our relationship with Nokia and will improve our competitive position."

The effectiveness of the licensing agreement remains conditional on the completion of the contemplated transactions.

Source: Nokia

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