



STMicroelectronics Inc.
7033 East Greenway Parkway
Suite 300
Scottsdale, AZ 85254

Date: January 15th 2019

Subject: Relocation of Americas Distribution Center

Dear Valued Customer,

STMicroelectronics' Americas Distribution Center (LAX HUB), currently located in Torrance, CA operated by Ceva Logistics, will be moving to Carson, CA operated by our new service provider, Geodis.

The plan is to move equipment & inventories, Saturday March 30th through Sunday March 31st. **During this weekend period, the LAX HUB operations will be fully closed, with no possibility of receiving or shipping.**

Geodis will be in contact with your respective freight agents, to coordinate pick-ups from our new location, when LAX HUB Operations resume on Monday April 1st 2019.

In preparation of this move, we are asking our customers for their agreement to ship some products earlier than the request date. This will aid in mitigating risk of inventory loss [during the move] and minimize the impact of the weekend close period to your production schedules.

Your local Representative will be in contact to discuss this change in further details. STM is committed to serving our customers and we count on your support during this transition.

Cordially,

Karim BILAL
Head of Logistics & Warehousing, Americas



PRODUCT / PROCESS CHANGE INFORMATION

HUB transfer in Los Angeles (LAX)

What is the change?

Transferring LAX HUB operations to new Logistics Service Provider (LSP) located in Carson, California US from CEVA Logistics in Torrance, California US. The change also includes personnel, location, logistic model and the transfer of equipment, workstations, and inventories.

The reason for the change is that the current agreement with CEVA Logistics is ending, and the business has been awarded to a new Logistics Service Provider: GEODIS.

Current condition:

LSP: CEVA Logistics

Operation Services: Brokerage, Airline Recovery, Foreign Trade Zone, Crossdock, Export Processing

Location: Torrance, CA

Operating SQF: 13,000

Working areas Temperature, Humidity and Lux calibrated according to ST Logistics standards.

New condition:

LSP: GEODIS Logistics

Operation Services: Brokerage, Airline Recovery, Foreign Trade Zone, Bonded Transfer, Export Processing, Duty Drawback

Location: Carson, CA

Operating SQF: 13,000

Working areas Temperature, Humidity and Lux calibrated according to ST Logistics standards.

Why?

Enhanced Broker Services.

Operational improvements and services.

When?

Change targeted date is beginning of April 2019.

How has the change been qualified?

Refer to qualification plan in appendix.

Considering the Logistics change is "HUB transfer in Los Angeles (LAX)" without direct impact on products, the qualification plan completion will be effective beginning of April 2019.

What is the impact of the change?

- **Form:** No change on product
- **Fit:** No change on product
- **Function:** No change on product
- **Reliability, or Processability:** NA (Not applicable).

APPENDIX 1:

Risk assessment

Risk Matrix [1/2]

#	Risk	Criticality	Mitigation
1.	Missed Deliveries and/ or Degraded Services, due to New LSP handling ST Logistics Operations	High	<ol style="list-style-type: none"> 1. ST Logistics standards and Work instructions defined by LSP Management and key ST personnel. 2. LSP Personnel required to be certified prior to working on ST Operations, 1 week before go-live. 3. ST Operations Personnel on-site for training, mentorship, and coaching until LSP is stabilized. Planned through H1, 2019 4. Possible Recruitment of Key Personnel from current LSP 5. LSP to work with Slack, in adding additional manpower to offset lower productivity levels in the interim go-live period. This staff should also be included in the training and certification.
2.	Damage or Lost of inventory and/ or equipment during transfer to Carson, CA	Medium	<ol style="list-style-type: none"> 1. 100% Stock Count before loading, and immediate after loading at Carson, CA 2. Coordination with Bus. Ops & Sales to obtain customer approval to push inventory to customer 1 week prior to transfer 3. Use of Dedicated DOT approved agent to ensure loads are secured and properly handled through transit to delivery

Risk Matrix [2/2]

10

#	Risk	Criticality	Mitigation
3.	New Warehouse location not meeting ST's specifications (security, storage, etc..)	Low	1. Prerequisite of Short-List, in On-Site review during Technical Offer analysis
4	Possible Slowness/ Outages of Interim Network	Low	1. Several HUB transfer managed in the past, with low probability of interruption after connection is established. 2. In case of outages or significant slow-down of network, escalation is through Unisys and ST's ICT team.

Qualification plan

Task Name	Start Date	End Date	Duration
Americas Direct Distribution, 2018	12-01-18	07-30-19	240d
Geodis Award & Deployment	12-01-18	02-15-19	75d
Supplier Contract	12-01-18	01-18-19	47d
Supplier Set-Up	12-01-18	02-15-19	75d
Implementation	12-01-18	03-08-19	96d
Training Plan for SAP-WM & CLS	12-01-18	01-31-19	60d
Warehouse / Floorplan Set-Up	12-01-18	03-01-19	89d
Communication	01-19-19	03-01-19	42d
Exit Plan w/ Ceva	02-15-19	02-26-19	12d
ST Logistics standards & Work Instructions for ST Operations	12-01-18	02-24-19	84d
Business Continuity Plan (ST Specific)	12-01-18	02-24-19	84d
EDI Mapping w/ Geodis	12-07-18	03-01-19	83d
ST Network Installation @ Geodis	12-07-18	02-19-19	73d
Workstation Set-Up & RF Configuration	02-20-19	02-21-19	2d
ST Physical Security Actions	12-01-18	03-01-19	89d
Site Approval from Corporate Security	03-02-19	03-08-19	7d
Testing & User Acceptance	03-02-19	03-08-19	7d
Go-Live Activities	03-09-19	04-01-19	24d
FMEA & Control Plan	03-10-19	04-01-19	23d
Personnel Training	03-09-19	03-28-19	20d
Customer Approval to Ship Early	03-09-19	03-22-19	14d
Inbound Transition to Geodis	03-09-19	03-16-19	8d
Inventory & Equipment Move	03-09-19	03-30-19	22d
LAX HUB Operation is Active	03-09-19	04-01-19	24d
Post Activities & Stabilization	04-02-19	07-30-19	120d
Deactivation of POA for Ceva	04-02-19	04-03-19	2d
Stop 810 Transmission to Ceva	04-02-19	04-03-19	2d
"Thank You Note" to Ceva	04-02-19	04-03-19	2d
Record Recovery of Last Shipments/ Transactions	04-02-19	05-01-19	30d
Review & approval Final Invoices of Ceva	04-02-19	05-01-19	30d
Maintain "Open Item List" until Closure/ Completion	04-02-19	05-01-19	30d
Decommission Ceva Network	04-02-19	05-01-19	30d
Notify CT-PAT of Change Address	04-02-19	05-01-19	30d
ISO Audit of Geodis	04-02-19	06-30-19	90d
Back-up / Redundancy Set-Up	04-02-19	07-30-19	120d