Forward Looking Statements

Some of the statements contained in this release that are not historical facts are statements of future expectations and other forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934, as each amended) that are based on management’s current views and assumptions, and are conditioned upon and also involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those anticipated by such statements, due to, among other factors:

- Uncertain macro-economic and industry trends, which may impact end-market demand for our products;
- Customer demand that differs from projections;
- The ability to design, manufacture and sell innovative products in a rapidly changing technological environment;
- Unanticipated events or circumstances, which may impact our ability to execute the planned reductions in our net operating expenses and / or meet the objectives of our R&D Programs, which benefit from public funding;
- Changes in economic, social, labor, political, or infrastructure conditions in the locations where we, our customers, or our suppliers operate, including as a result of macro-economic or regional events, military conflicts, social unrest, labor actions, or terrorist activities;
- The Brexit vote and the perceptions as to the impact of the withdrawal of the U.K. may adversely affect business activity, political stability and economic conditions in the U.K., the Eurozone, the EU and elsewhere. While we do not have material operations in the U.K. and have not experienced any material impact from Brexit on our underlying business to date, we cannot predict its future implications;
- Financial difficulties with any of our major distributors or significant curtailment of purchases by key customers;
- The loading, product mix, and manufacturing performance of our production facilities;
- The functionalities and performance of our IT systems, which support our critical operational activities including manufacturing, finance and sales, and any breaches of our IT systems or those of our customers or suppliers;
- Variations in the foreign exchange markets and, more particularly, the U.S. dollar exchange rate as compared to the Euro and the other major currencies we use for our operations;
- The impact of intellectual property (“IP”) claims by our competitors or other third parties, and our ability to obtain required licenses on reasonable terms and conditions;
- The ability to successfully restructure underperforming business lines and associated restructuring charges and cost savings that differ in amount or timing from our estimates;
- Changes in our overall tax position as a result of changes in tax laws, the outcome of tax audits or changes in international tax treaties which may impact our results of operations as well as our ability to accurately estimate tax credits, benefits, deductions and provisions and to realize deferred tax assets;
- The outcome of ongoing litigation as well as the impact of any new litigation to which we may become a defendant;
- Product liability or warranty claims, claims based on epidemic or delivery failure, or other claims relating to our products, or recalls by our customers for products containing our parts;
- Natural events such as severe weather, earthquakes, tsunamis, volcano eruptions or other acts of nature, health risks and epidemics in locations where we, our customers or our suppliers operate;
- Availability and costs of raw materials, utilities, third-party manufacturing services and technology, or other supplies required by our operations; and
- Industry changes resulting from vertical and horizontal consolidation among our suppliers, competitors, and customers.

Such forward-looking statements are subject to various risks and uncertainties, which may cause actual results and performance of our business to differ materially and adversely from the forward-looking statements. Certain forward-looking statements can be identified by the use of forward looking terminology, such as “believes,” “expects,” “may,” “are expected to,” “should,” “would be,” “seeks” or “anticipates” or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions.

Some of these risk factors are set forth and are discussed in more detail in “Item 3. Key Information — Risk Factors” included in our Annual Report on Form 20-F for the year ended December 31, 2015, as filed with the SEC on March 16, 2016. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release as anticipated, believed, or expected. We do not intend, and do not assume any obligation, to update any industry information or forward-looking statements set forth in this release to reflect subsequent events or circumstances.
Who We Are

- A global semiconductor leader
- 2016 revenues of $6.97B
- Listed: NYSE, Euronext Paris and Borsa Italiana, Milan

- Approximately 43,500 employees worldwide
- Approximately 7,500 people working in R&D
- 11 manufacturing sites
- Over 80 sales & marketing offices

As of December 31, 2016
Application Strategic Focus

The leading provider of products and solutions for Smart Driving and the Internet of Things

Smart Driving
- Safer
- Greener
- More connected

Internet of Things
- Smart Industry
- Smart City
- Smart Home
- Smart Things
Product Family Focus

The leading provider of products and solutions for Smart Driving and the Internet of Things

Dedicated Automotive ICs

Discrete & Power Transistors

Analog, Industrial & Power Conversion ICs

MEMS & Specialized Imaging Sensors

Digital ASICs

General Purpose & Secure MCUs EEPROM
1Q17 Highlights

- Net revenues of $1.82B
  - Up 12.9% year-over-year
  - Down 2.1% sequentially, better than seasonal and 30 basis points better than the mid-point of guidance
  - Synchronized and well-balanced growth across product groups, regions and sales channels

- Gross margin 37.6%
  - Up 420 basis points year-over-year
  - Up 10 basis points sequentially, better than seasonal and 60 basis points better than mid-point of guidance

- Net income of $108M
  - Up $149M year-over-year

- Free cash flow, during a quarter of higher capital spending to support our growth plans, doubled to $62M year-over-year

1Q17 results putting us on the right trajectory
to achieve sustainable revenue growth and margin expansion
1Q17 Financial Highlights

Revenues = $1.82B

Operating Income* = $134M

Gross Margin = 37.6%

Free Cash Flow* = $62M

*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.
1Q17 Revenues

% by product group
- Analog and MEMS Group (AMG): 24%
- Automotive and Discrete Group (ADG): 39%
- Microcontrollers and Digital ICs Group (MDG): 33%
- Others*: 4%

% by shipment location
- Americas: 14%
- Asia Pacific: 58%
- EMEA: 28%

% by customer type
- Distribution: 34%
- Top 10 OEMs: 33%
- Other OEMs: 33%

* Others includes Imaging Product Division
ST Revenues: Synchronized Growth

1Q17 Revenues = $1.82B

1Q17 revenues up 12.9% year-over-year
- Solid growth across all product families
  - AMG up 19.9%
  - MDG up 11.4%
  - ADG up 5.6%
  - Imaging more than doubled
- Up 14.1% excluding discontinued business
  - MDG up 14.6%

1Q17 revenues down 2.1% sequentially
- Better than seasonal performance
- Down 1.2% excluding discontinued business
- 30 basis points above mid-point of the guidance

2Q17 Revenue Outlook
Up sequentially by about 5.0% (+/- 3.5% points)
**1Q17 Gross Margin**
- 60 basis points above the mid-point of the guidance
- Up 420 basis points year-over-year
- Up 10 basis points sequentially, above normal seasonality
- Negligible unused capacity charges

**2Q17 Gross Margin Outlook**
About 38.1% (+/-2.0%)
1Q17 Net Operating Expenses* = $552M

1Q17 combined SG&A and R&D at $568M
- Down $3M year-over-year
- $552M net of R&D grants

Set-Top-Box plan completion on track
- 74% of savings completed exiting 1Q17, savings run-rate annualized at $126M out of $170M targeted

€368M of €400M Nano2017 grants already recognized exiting 1Q17

2017 Net Operating Expenses* anticipated to average about $550M per quarter

* Net Operating Expenses: R&D + SG&A – R&D grants
1Q17 Product Group Results
Before impairment and restructuring charges

**Automotive & Discrete**
Revenues = $708M
Operating Margin = 5.4%

**Analog & MEMS**
Revenues = $443M
Operating Margin = 10.1%

**Microcontrollers & Digital ICs**
Revenues = $593M
Operating Margin = 10.2%

MDG includes set-top-box business under phase-out

** Others**
Others includes sales from the Imaging Product Division and other revenues and items such as unused capacity charges and other unallocated expenses.
Financial Flexibility

1Q17 Free Cash Flow* = $62M

1Q17 Capex = $219M

<table>
<thead>
<tr>
<th>End of period (US$M)</th>
<th>April 1 2017</th>
<th>December 31 2016</th>
<th>April 2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Liquidity</td>
<td>1,976</td>
<td>1,964</td>
<td>2,040</td>
</tr>
<tr>
<td>Total Financial Debt</td>
<td>(1,458)</td>
<td>(1,451)</td>
<td>(1,601)</td>
</tr>
<tr>
<td>Net Financial Position*</td>
<td>518</td>
<td>513</td>
<td>439</td>
</tr>
</tbody>
</table>

1Q17: Cash dividends of $0.06 per share ($53M) distributed in the quarter

*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.
• Entering the second quarter, we continue to see healthy demand, with strong booking trends across all our product groups and regions.

• As a result, we expect second quarter revenues to increase about 5.0% on a sequential basis, representing year-over-year growth of about 12.3% at the mid-point of our guidance range. We anticipate another quarter of margin expansion with second quarter gross margin of about 38.1% at the mid-point, leading to strong year-over-year improvement in operating and net income.

• 2Q17 revenues is expected to grow about 5.0% on a sequential basis, plus or minus 3.5 percentage points
• 2Q17 gross margin is expected to be about 38.1% plus or minus 2.0 percentage points

Outlook based on an assumed effective currency exchange rate of approximately $1.08 = €1.00 for 2Q17 and includes the impact of existing hedging contracts. 2Q17 will close on July 1, 2017
Proposal to the 2017 AGM of a cash dividend of $0.24 per share to be distributed in quarterly installments of $0.06 each of the second, third and fourth quarters of 2017 and for the first quarter of 2018
2017 Priorities

Sustainable Profitable Growth

- Year-over-year sales growth across all products families*, regions & customer groups
- Continued innovation leadership, supporting customers with industry-leading products and optimized application-oriented solutions
- Investment for growth, maximizing innovation with R&D spend and turning manufacturing investments into timely ramp-up of major programs
- Continued discipline on operating expenses
- Improvement in operating profitability as a result of all the above

* Excluding discontinued businesses
Appendix
## Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>1Q16</th>
<th>2Q16</th>
<th>3Q16</th>
<th>4Q16</th>
<th>FY16</th>
<th>1Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenues</strong></td>
<td>1,613</td>
<td>1,703</td>
<td>1,797</td>
<td>1,859</td>
<td>6,973</td>
<td>1,821</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>33.4%</td>
<td>33.9%</td>
<td>35.8%</td>
<td>37.5%</td>
<td>35.2%</td>
<td>37.6%</td>
</tr>
<tr>
<td><strong>Operating Income (Loss) before impairment, restructuring</strong></td>
<td>(5)</td>
<td>40</td>
<td>119</td>
<td>153</td>
<td>307</td>
<td>134</td>
</tr>
<tr>
<td></td>
<td>(0.3%)</td>
<td>2.3%</td>
<td>6.6%</td>
<td>8.2%</td>
<td>4.4%</td>
<td>7.4%</td>
</tr>
<tr>
<td><strong>Net Income – Reported</strong></td>
<td>(41)</td>
<td>23</td>
<td>71</td>
<td>112</td>
<td>165</td>
<td>108</td>
</tr>
<tr>
<td><strong>EPS Diluted</strong></td>
<td>(0.05)</td>
<td>0.03</td>
<td>0.08</td>
<td>0.13</td>
<td>0.19</td>
<td>0.12</td>
</tr>
<tr>
<td><strong>Adjusted EPS Diluted</strong></td>
<td>(0.02)</td>
<td>0.04</td>
<td>0.11</td>
<td>0.15</td>
<td>0.28</td>
<td>0.12</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>31</td>
<td>47</td>
<td>100</td>
<td>135</td>
<td>312</td>
<td>62</td>
</tr>
<tr>
<td><strong>Net Financial Position</strong></td>
<td>439</td>
<td>426</td>
<td>464</td>
<td>513</td>
<td>513</td>
<td>518</td>
</tr>
<tr>
<td><strong>Effective Exchange Rate €/$</strong></td>
<td>1.10</td>
<td>1.12</td>
<td>1.12</td>
<td>1.10</td>
<td>1.11</td>
<td>1.08</td>
</tr>
</tbody>
</table>

*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.*
## Pre-Tax Items to Adjusted Earnings*

<table>
<thead>
<tr>
<th>NET EARNINGS</th>
<th>1Q16</th>
<th>4Q16</th>
<th>1Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In US$M</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. GAAP Net Earnings</td>
<td>(41)</td>
<td>112</td>
<td>108</td>
</tr>
<tr>
<td>Impairment &amp; Restructuring</td>
<td>28</td>
<td>24</td>
<td>5</td>
</tr>
<tr>
<td>Estimated Income Tax Effect</td>
<td>(3)</td>
<td>1</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Adjusted Net Earnings</strong></td>
<td>(16)</td>
<td>137</td>
<td>112</td>
</tr>
</tbody>
</table>

* See Appendix
• **Free cash flow** is defined as net cash from operating activities minus net cash from (used in) investing activities, excluding payment for purchases (proceeds from the sale of) marketable securities and short term deposits, restricted cash and net cash variation for joint venture deconsolidation. We believe free cash flow provides useful information for investors and management because it measures our capacity to generate cash from our operating and investing activities to sustain our operating activities. Free cash flow is not a U.S. GAAP measure and does not represent total cash flow since it does not include the cash flows generated by or used in financing activities. In addition, our definition of free cash flow may differ from definitions used by other companies.

• **Net financial position** resources (debt) represents the balance between our total financial resources and our total financial debt. Our total financial resources include cash and cash equivalents, marketable securities, short-term deposits and restricted cash, and our total financial debt includes short term borrowings, current portion of long-term debt and long-term debt, all as reported in our consolidated balance sheet. We believe our net financial position provides useful information for investors because it gives evidence of our global position either in terms of net indebtedness or net cash position by measuring our capital resources based on cash, cash equivalents and marketable securities and the total level of our financial indebtedness. Net financial position is not a U.S. GAAP measure.

• **Operating income before impairment and restructuring charges** excludes impairment, restructuring charges and other related closure costs. It is used by management to help enhance an understanding of ongoing operations and to communicate the impact of the excluded items.

• **Adjusted net earnings and earnings per share (EPS)** are used by our management to help enhance an understanding of ongoing operations and to communicate the impact of the excluded items like impairment, restructuring charges and other related closure costs, net of the relevant tax impact.

• **Net revenues of “Others”** includes revenues from sales of Imaging Product Division, Subsystems, assembly services, and other revenue. **Operating income (loss) of “Others”** includes items such as unused capacity charges, impairment, restructuring charges and other related closure costs, phase out and start-up costs, and other unallocated expenses such as: strategic or special research and development programs, certain corporate-level operating expenses, patent claims and litigations, and other costs that are not allocated to product groups, as well as operating earnings of the Imaging Product Division, Subsystems and other products. “Others” includes $1 million, $4 million, $10 million of unused capacity charges in the first quarter of 2017 and fourth and first quarter of 2016, respectively; and $5 million, $24 million, $28 million of impairment, restructuring charges, and other related closure costs in the first quarter of 2017 and fourth and first quarter of 2016, respectively.