STMicroelectronics
Q2 2012 Financial Results

July 23, 2012

life.augmented

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, each as 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 in such statements due to, among other factors:

- *the possible impact of an impairment charge on the carrying value of the ST-Ericsson investment in our books of approximately $1.6 billion, as well as on our consolidated results, which is dependent on the successful execution of ST-Ericsson's new strategic direction plan and its related savings announced on April 23rd 2012;*
- *changes in demand in the key application markets and/or from key customers served by our products, including demand for products where we have achieved design wins and/or demand for applications where we are targeting growth, all of which make it extremely difficult to accurately forecast and plan our future business activities;*
- *our ability in periods of reduced market demand or visibility to reduce our expenses as required, as well as our ability to operate our manufacturing facilities at sufficient levels with existing process technologies to cover our fixed operating costs;*
- *our ability, in an intensively competitive environment, to identify and allocate necessary design resources to successfully develop and secure customer acceptance for new products meeting their expectations as well as our ability to achieve our pricing expectations for high-volume supplies of new products in whose development we have been, or are currently, investing;*
- *the financial impact of obsolete or excess inventories if actual demand differs from our expectations as well as the ability of our customers to successfully compete in the markets they serve using our products;*
- *our ability to maintain or improve our competeveness especially in light of the increasing volatility in the foreign exchange markets and, more particularly, in 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 outcome of ongoing litigation as well as any new litigation to which we may become a defendant;*
- *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 are results of operations as well as our ability to accurately estimate tax credits, benefits, deductions and provisions and to realize deferred tax assets;*
- *product warranty or liability claims based on epidemic or delivery failures or recalls by our customers for a product containing one of our parts;*
- *availability and costs of raw materials, utilities, third-party manufacturing services, or other supplies required by our operations; and*
- *current macro-economic and industry uncertainties, the Eurozone crisis and other global factors which may result in limited growth or recession in one or more important regions of the world economy, sovereign default, changes in the political, social, economic or infrastructure environment, including as a result of military conflict, social unrest and/or terrorist activities, as well as natural events such as severe weather, health risks, epidemics, earthquakes, tsunami, volcano eruptions or other acts of nature in, or affecting, the countries in which we, our key customers or our suppliers, operate all of which may in turn also cause unplanned disruptions in our supply chain and reduced or delayed demand from our 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, 2011, as filed with the SEC on March 5, 2012. 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.

About ST

- A global semiconductor leader
- The largest European semiconductor company
- 2011 revenues of **$9.73B**(1)
- Approx. **50,000** employees worldwide(1)
- **12,000** people working in R&D
- **12** manufacturing sites
- Listed on New York Stock Exchange, Euronext Paris and Borsa Italiana, Milano

(1) Including ST-Ericsson, a 50:50 joint venture with Ericsson

Q212 Highlights

- Net revenues of $2.15 billion, up 6.5% sequentially
  - Broad-based growth
  - Continued expansion of product portfolio into new applications
- Gross margin of 34.3%, up 470 basis points sequentially
  - Up 210 basis points excluding a one-time arbitration award in Q112
  - Unsaturation charges significantly improved
- Significant sequential improvement in net results
  - $75 million loss in Q212 from $176 million loss in Q112
  - Substantial progress remains to be made, a critical component being ST-Ericsson
- ST net financial position of $1.15 billion at June 30th

A quarter of significant sequential improvement despite a macro-driven change in customer sentiment in June

life.augmented

Focused Product Segments

life.augmented

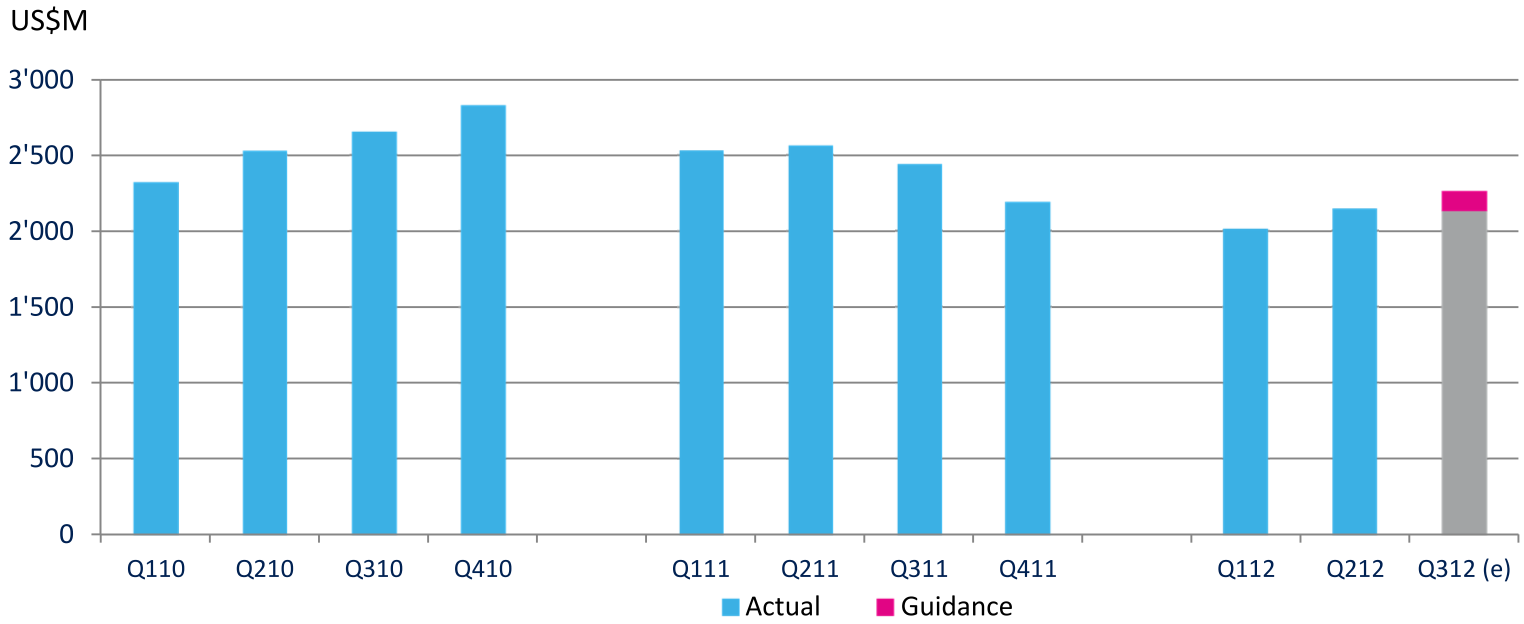
- ST Ericsson — 50/50 JV with Ericsson
  - Wireless
- Digital
  - Digital Convergence Group (DCG)
  - Imaging, BiCMOS ASIC & Silicon Photonics Group (IBP)
- Automotive
  - Automotive Products Group (APG)
- Analog & Microcontrollers
  - Analog, MEMS & Sensors (AMS)
  - Micro, Memory & Security (MMS)
  - Industrial & Power Discrete (IPD)
- Power Discrete
  - Industrial & Power Discrete (IPD)

ST Q212 Revenues

Q212 Revenues = $2.15B
+6.5% vs. Q112

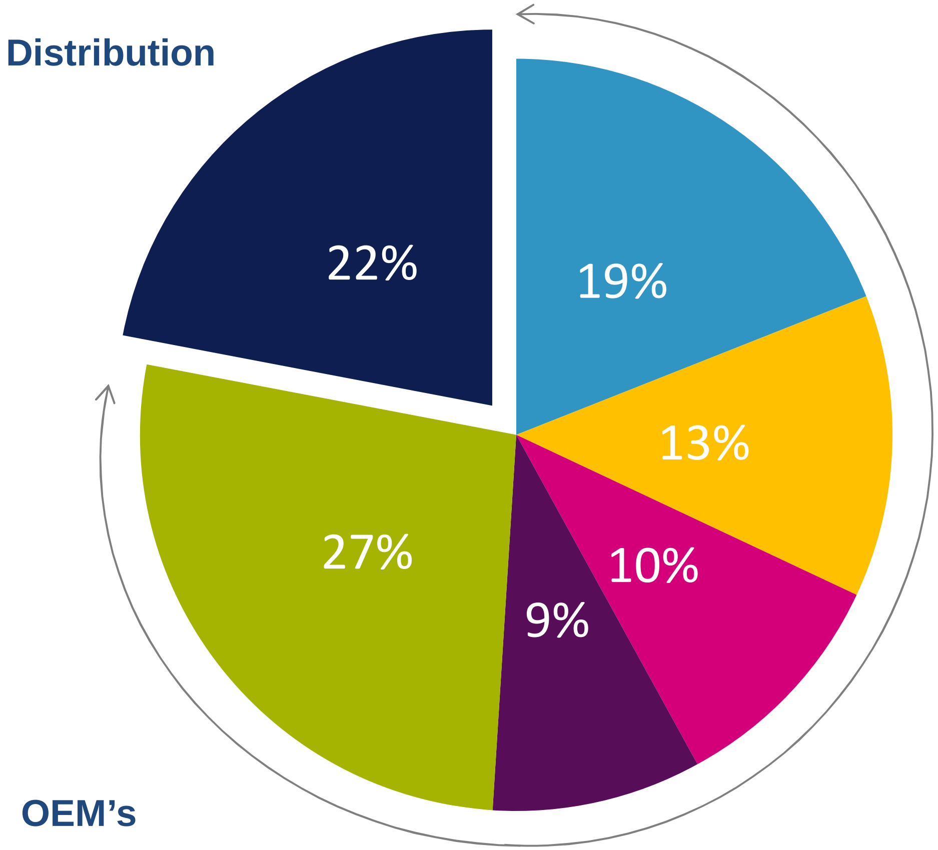
- **ST wholly-owned business up 4%**
- **Wireless product segment up 19%**
- **All regions grew sequentially**

Q312 revenue guidance: +2.5% sequentially, +/- 3 percentage points



life.augmented

Q212 Revenues by Market Segment/Channel*

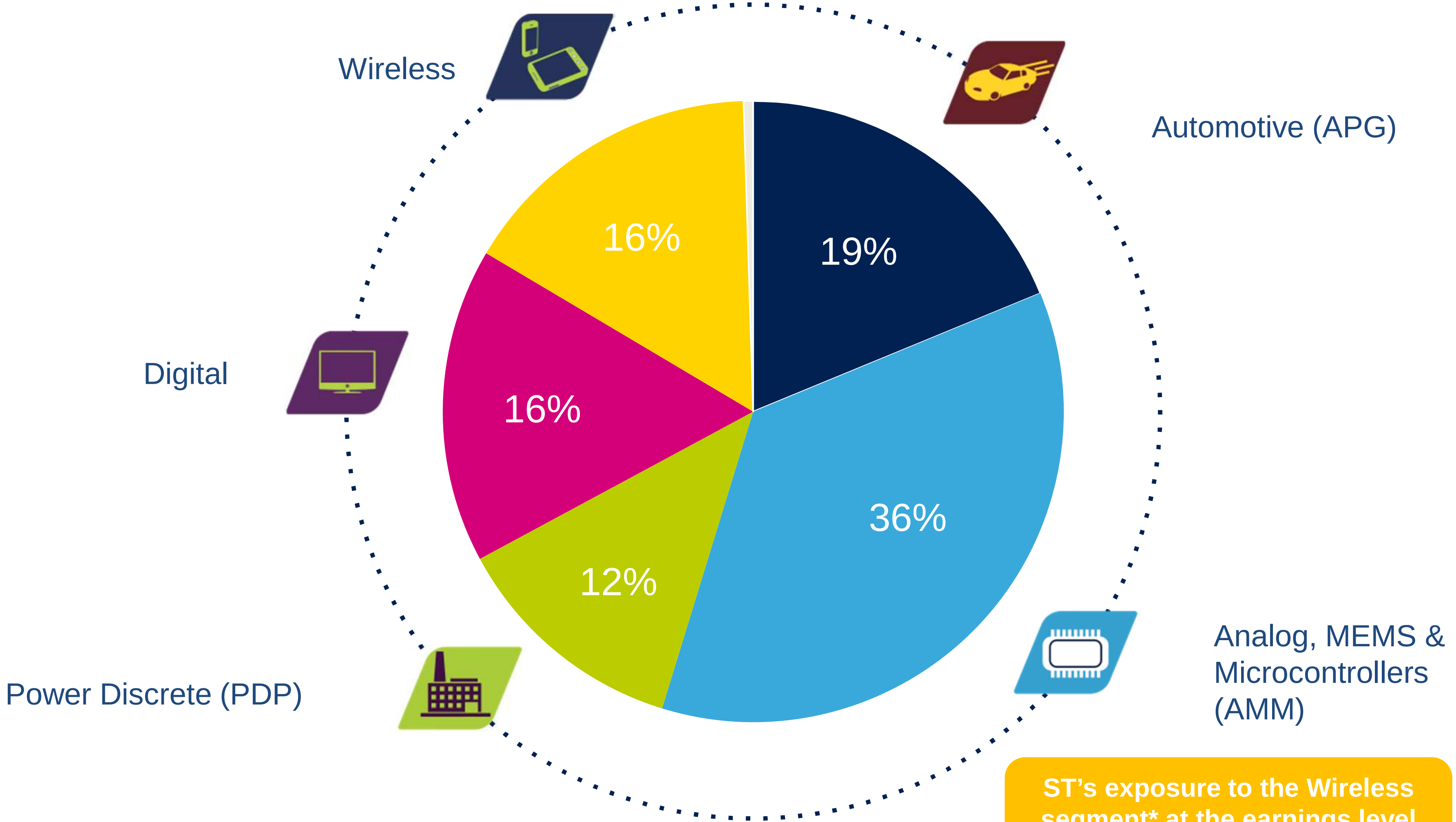


Q212 vs. Q112	
Telecom	+19%
Consumer	+3%
Industrial & Other	+2%
Automotive	Flat
Computer	-7%
Distribution	+12%

life.augmented

* Estimated. See appendix.

Q212 Revenues by Product Segments



ST's exposure to the Wireless segment* at the earnings level is approximately 9%

*See appendix

Financial Performance

In US$M, except EPS	Q211	Q112	Q212
Net Revenues	2,567	2,017	2,148
Gross Margin	38.1%	29.6%	34.3%
Operating Income (Loss) before impairment, restructuring & one-time items*	114	(280)	(151)
Operating Margin before impairment, restructuring & one-time items attributable to ST*	9.1%	(6.5%)	(1.3%)
Net Income – Reported	420	(176)	(75)
EPS Diluted	0.46	(0.20)	(0.08)
Adjusted EPS Diluted*	0.14	(0.14)	(0.05)
Free Cash Flow*	(250)	98	(129)
Net Financial Position, adjusted for 50% investment in ST-Ericsson*	1,293	1,267	1,153
Effective Exchange Rate €/$	1.37	1.33	1.32

life.augmented

*See appendix

Financial Performance

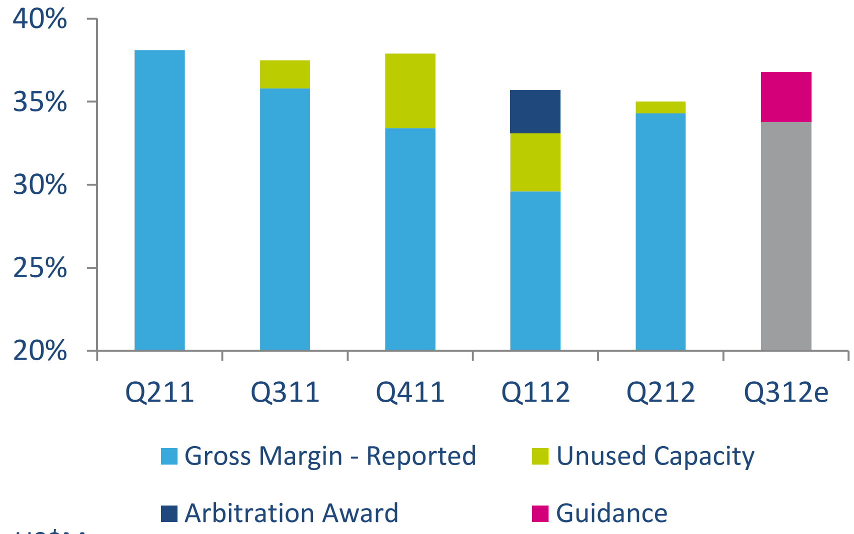
In US$M	Wholly-owned businesses *			Wireless **		
	Q211	**Q112**	**Q212**	**Q211**	**Q112**	**Q212**
Revenues	2,220	1,727	1,804	347	290	344
Operating Income (Loss) before impairment, restructuring & one-time items	320	13	89	(207)	(293)	(240)
Operating Margin	14.4%	0.8%	4.9%	na	na	na
Minority Interests	na	na	na	112	168	160

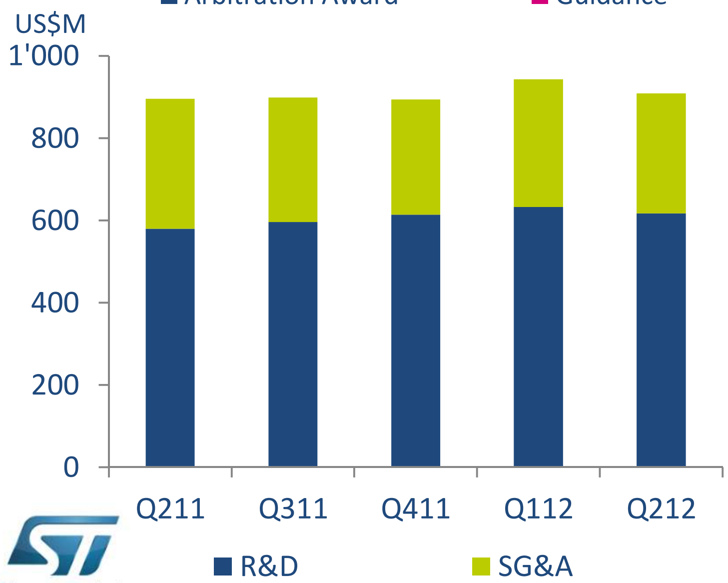
* ST's wholly-owned businesses include APG, Digital, AMM, PDP and Others .

** 100% of ST-Ericsson's results (out of which 50% from the competence of ST) as consolidated by ST plus other margins of ST related to ST-Ericsson's business

life.augmented

ST Gross Margin & Opex Evolution





Gross Margin Evolution

Recovering from low volumes recorded from mid-2011 and one-time arbitration award

Progressive disappearance of unused capacity charges and improvement in manufacturing efficiencies

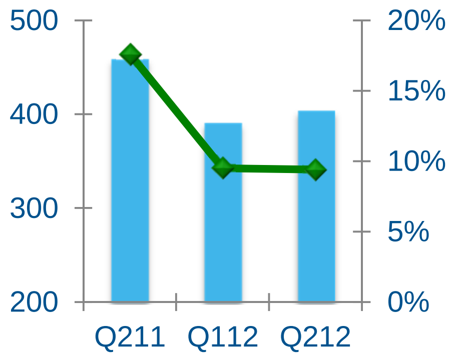
Operating Expenses Evolution

Key program: ST-Ericsson restructuring

Opex expected to be down in $ in H212 vs. H112

Wholly-Owned Businesses Performance

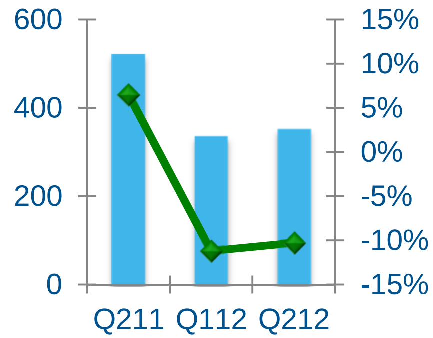
Automotive



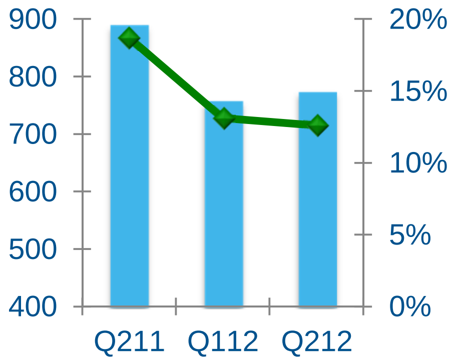
$404M revenue
9.4% op. margin

Digital

$353M revenue
$36M op. loss



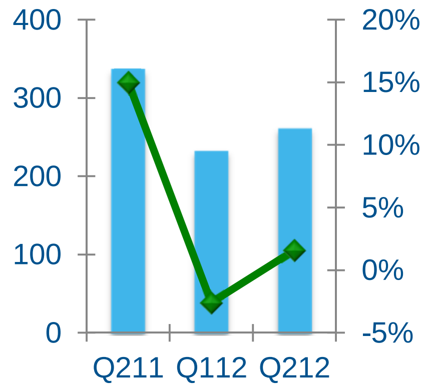
Analog, MEMS & Microcontrollers



$774M revenue
12.6% op. margin

Power Discrete

$262M revenue
1.6% op. margin

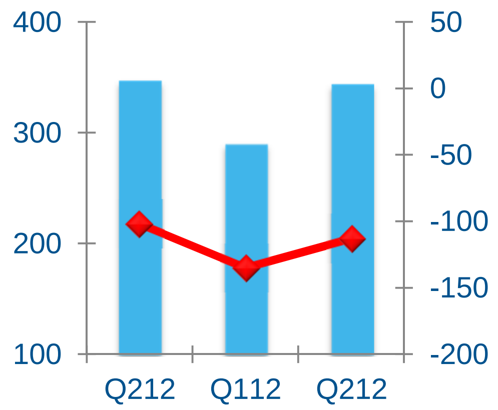


Revenue **Operating Margin ***

* Operating Income before impairment, restructuring charges. Unused capacity charges are reported in the Group "Others"

Wireless Product Segment Performance

- Critical component of the substantial progress to be made in improving ST net results
- First steps taken in executing ST-Ericsson's new strategic plan announced on April 23, 2012
- Significant ramp of volumes of NovaThor^{TM} platforms shipping to ST-Ericsson's major customers
- Initial progress on all profit and loss metrics already visible this quarter



$344M revenue
$240M op. loss
$113M op. loss net of minority interests

Revenue — Operating Results + Minority Interest (US$M)*

* Operating Income before impairment, restructuring & one-time items. Unused capacity charges are reported in the Group "Others". 100% of ST-Ericsson's results (out of which 50% from the competence of ST) as consolidated by ST plus other margins of ST related to ST-Ericsson's business

Q212 Product Highlights

- **Collected several design wins for modules that control car-body applications** such as lighting, door zone and power management in countries around the world.
- **Awarded design wins for next-generation transmission and engine management from major Tier1 manufacturers** in Japan and Europe for worldwide car makers.

- Important step towards creating a unified processing platform with the recently **completed transfer of the ST-Ericsson application processor development team.**
- **In set-top-box, fast adoption of the 40nm families** in Cable, Terrestrial, Satellite and IPTV and **additional important design win for Orly 32nm** from a telecom operator in Asia.
- **Design win for networking ASIC in 28nm technology** from a major customer.

life.augmented

Q212 Product Highlights

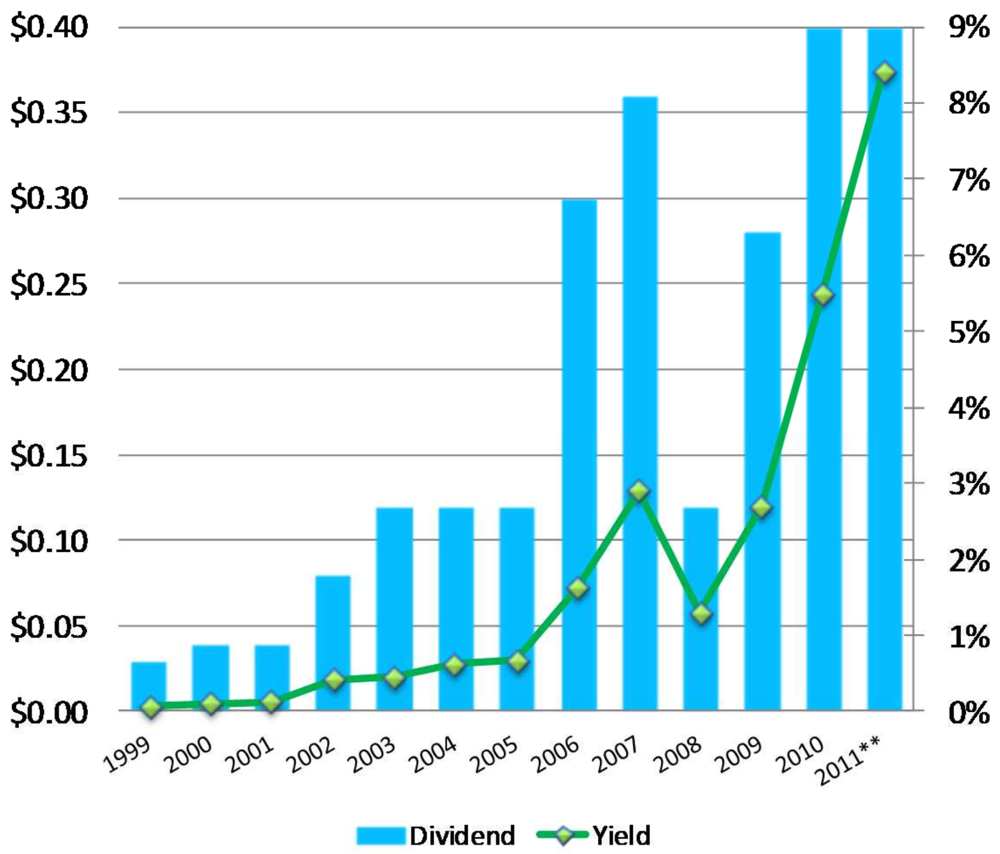
- Ramped production of **a pressure sensor and an iNEMO inertial module** containing an integrated gyroscope and accelerometer **for Samsung's latest and most advanced smartphone.**
- Added to **healthcare and fitness** portfolio of design wins with several more **STM32** design-ins.
- Collected significant design wins at **major tablet manufacturers** for **high-performance analog and MEMS microphones.**
- Started deployment of STarGRID Power Line Communication SoC for **new Smart Metering programs in China.**

- Shipped in volume **AMOLED drivers** for smartphones.
- Achieved an important design win in **the medical sector** for ST's **ultra-fast diodes** with a large US manufacturer.
- Earned a design win for **high-end LED platform** from a key European lighting player.

Q212 Product Highlights

- Samsung continues to incorporate the ST-Ericsson **NovaThor ModAp platforms** into their award-winning Samsung GALAXY smartphone line with the announcement of the **GALAXY Beam and GALAXY Ace 2.**
- **China Unicom and Yulong are now customers of the NovaThor platform**. The NovaThor U8500 ModAp platform powers the new Coolpad Cheer CP7728.
- **The Xperia™ go smartphone** became the fourth phone this year from Sony Mobile Communications to leverage the ST-Ericsson **NovaThor platform**.
- **The Shanda Bambook smartphone** - the first from the China-based company - is powered by the ST-Ericsson **NovaThor U8500 ModAp** solution. It is the first of several smartphones planned by Shanda to use the ST-Ericsson NovaThor platform.
- **Two new Panasonic ELUGA** devices for the Japanese market are powered by the compact yet power efficient **Thor M5780 thin modem**.
- New **Sharp AQUOS** smartphone based on the power efficient **Thor M5730** and available now in Japan.
- STMicroelectronics secured additional sourcing for 28nm and 20nm **FD-SOI Technology** with **GLOBALFOUNDRIES**. ST-Ericsson selected ST FD-SOI technology for use in its future mobile platforms, which will enable enhanced performance from the ST-Ericsson NovaThor platform with much less battery usage

Dividend Evolution



- STM dividend yield of >8% among the highest in the semiconductor industry
- ST cumulative dividends over the past 6 years (including the $0.40 per share approved by the May 2012 AGM) have been > $1.5B
- Quarterly dividend offers a steady income to shareholders and also potential stock price revaluation

*Source: Bloomberg (July 23, 2012)

**2011 annualized dividend as approved by the May 2012 Annual General Meeting

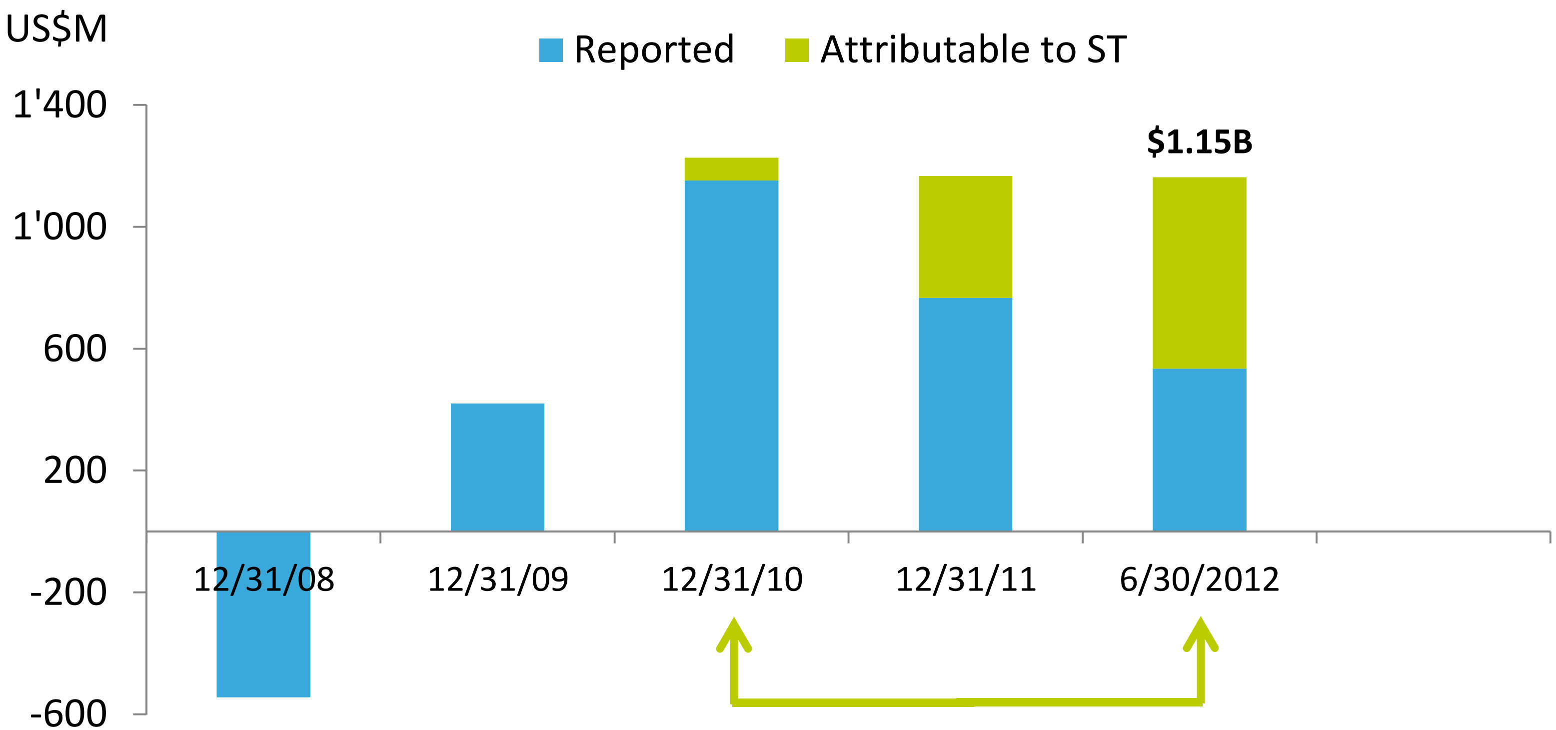
Net Financial Position*

End of period (US$M)	July 2, 2011	Mar. 31, 2012	June 30, 2012
Available Cash and Marketable Securities	2,932	2,213	2,065
Restricted Cash	8	7	4
Total Liquidity	**2,940**	**2,220**	**2,069**
Total Financial Debt**	**(1,870**	**(1,442)**	**(1,535)**
Net Financial Position	**1,070**	**778**	**534**
Net Financial Position, adjusted to account for 50% investment in ST-Ericsson	**1,293**	**1,267**	**1,153**

*See appendix

**Includes ST-Ericsson short-term debt to Ericsson of $619M at June 30, 2012, $489M at Mar.31, 2012 and $223M at July 2, 2011.

Net Financial Position*



Maintained strong net cash position throughout FY11 and H112 despite weak market conditions from mid-2011 as well as a specific situation at a major customer

- While funding $1.46B of capex…
- …and absorbing our portion of ST-Ericsson investment…
- …redeemed $770M in debt and paid $504M in dividends

*See appendix

**Includes ST-Ericsson short-term debt to Ericsson of $619M as of July 30, 2012, $400M as Dec. 31, 2011, and $75M as of Dec. 31, 2010.

Q312 Outlook

- ***"As we saw during the end of the second quarter, the global economic environment has weakened. As a result, bookings in June softened and remain somewhat volatile.***

  Nonetheless, we continue to expect sequential revenue growth and gross margin improvement with respect to the third quarter, thanks to our new product momentum, in particular in MEMS, microcontrollers and Power MOSFET & IGBT.

  Looking forward, key operational priorities as we navigate the softness in the market environment include market share gains in the second half of the year and careful management of our assets and investments in order to maintain ST's solid net financial position. In this regard, we are reducing by approximately 25% our full year 2012 capital expenditures plan to be in the range of $500 to $600 million for 2012.

  Furthermore, we are focused on delivering continued expense reduction. Overall, we will become a much leaner company with increased flexibility to adjust to market conditions and reduce our earnings volatility." – Carlo Bozotti, President & CEO, STMicroelectronics

- Q312 revenues is expected to grow sequentially in the range of about +2.5% plus or minus 3 percentage points.

- Q312 gross margin is expected to be about 35.3% plus or minus 1.5 percentage points, reflecting a similar level of utilization at our facilities compared to the second quarter

Outlook based on an assumed effective currency exchange rate of approximately $1.27= €1.00 for the 2012 third quarter and includes the impact of existing hedging contracts.
The third quarter will close on September 29, 2012.

life.augmented

Appendix

Pre-Tax Items to Adjusted Earnings*

OPERATING RESULT

NET EARNINGS

In US$M	**Q211**	**Q112**	**Q212**
U.S. GAAP Net Earnings	**420**	**(176)**	**(75)**
NXP Arbitration Award Impairment & Restructuring Charges (attributable to Parent Company's shareholders)**	 24	56 13	 **28**
Realized gain on financial assets Estimated Income Tax effect of Adjustment	(323) 5	 (13)	 **-**
Adjusted Net Earnings*	**126**	**(120)**	**(47)**

* See appendix

** Total Impairment & Restructuring Charges were $31M in Q211, $18M in Q112 and $56M in Q212

life.augmented

ST Product Segments (New Perimeter)

Revenues:	Q111	Q211	Q311	Q411	FY11	Q112	Q212
Automotive (APG)	433	459	404	383	1,678	391	404
Digital	488	521	442	388	1,838	336	353
Analog, MEMS & Microcontrollers (AMM)	886	889	856	747	3,377	758	774
Power Discrete (PDP)	333	337	316	253	1,240	233	262
Wireless	384	347	412	409	1,552	290	344
Operating Income:							
Automotive (APG)	60	81	46	41	227	37	38
Digital	45	34	20	9	107	(38)	(36)
Analog, MEMS & Microcontrollers (AMM)	177	166	147	116	606	99	98
Power Discrete (PDP)	50	40	33	16	139	(6)	4
Wireless	(180)	(207)	(215)	(211)	(813)	(293)	(240)

life.augmented

Appendix

- **Free cash flow** is defined as net cash from operating activities minus net cash from (used in) investing activities, excluding payment for purchases of and proceeds from the sale of marketable securities (both current and non-current), short-term deposits and restricted cash. 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, net of bank overdrafts, if any, current and non-current marketable securities excluding Micron shares received in connection with the sales of Numonyx, short-term deposits and non-current 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.

- **Return on Net Assets (RONA)** is the ratio of operating income before impairment and restructuring charges divided by average net assets used during the period. ST defines average net assets as average total assets net of total liabilities as reported in our consolidated balance sheet excluding all items related to our financial position such as cash and cash equivalents, marketable securities, short term deposits, restricted cash, bank overdrafts, current portion of long term debt and long term debt.

- **Operating income** before impairment, restructuring and one time item excludes impairment, restructuring charges and other related closure costs and NXP Arbitration award.

- **Operating income before impairment, restructuring and one-time item attributable to ST is** calculated as operating income before impairment, restructuring and one time item excluding 50% of ST-Ericsson operating loss before impairment and restructuring as consolidated by ST. **Operating margin before impairment restructuring and one time item attributable to ST** is calculated as operating income before impairment, restructuring and one time item attributable to ST divided by reported revenues excluding 50% of ST-Ericsson revenues as consolidated by ST**. Return on Net Assets (RONA) attributable to ST** is calculated as annualized operating income before impairment, restructuring and one time item attributable to ST divided by reported net assets excluding 50% of ST-Ericsson net assets as consolidated by ST.

- **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. Adjusted earnings excludes impairment, restructuring charges and other related closure costs attributable to ST, the impact of equity investment divestiture and subsequent sale of Micron shares, other-than-temporary impairment (OTTI) charges and realized gain on financial assets, NXP Arbitration award net of the relevant tax impact.

- **Consolidation of ST-Ericsson:** ST-Ericsson, a joint venture owned 50% by ST, began operations on February 3, 2009 and is consolidated into ST's operating results as of that date. ST-Ericsson is led by a development and marketing company consolidated by ST. A separate platform design company providing platform designs mostly to the development and marketing company is accounted for by ST using the equity method.

- **Wireless Segment:** As of February 3, 2009, "Wireless" includes the portion of sales and operating results of the 50/50 ST-Ericsson joint venture as consolidated in the Company's revenues and operating results, as well as other items affecting operating results related to the wireless business.

- **Sales recorded by ST-Ericsson and consolidated by ST are included in Telecom and Distribution**

life.augmented