



Q4 & FY12 Earnings

January 31st, 2013

Paris, France

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 anticipated by such statements, due to, among other factors:*
 - *future risks to our core business as well as our ability to accurately estimate our share of costs and the required cash resources which ensue from our decision to exit ST-Ericsson;*
 - *our ability to competitively address market demand for the products which we design manufacture and sell;*
 - *changes in the market for our products, including the actual demand for products where we have achieved design wins and/or demand for applications where we are targeting growth, which is also dependent on our customers' ability to successfully compete in the application markets they serve with our products;*
 - *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;*
 - *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;*
 - *our ability to maintain or improve our competitiveness especially in light of 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;*
 - *restructuring charges and associated 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;*
 - *natural events such as severe weather, earthquakes, tsunami, volcano eruptions or other acts of nature, health risks and epidemics in locations where we, our customers or our suppliers operate;*
 - *changes in economic, social, 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 conflict, social unrest or terrorist activities;*
 - *availability and costs of raw materials, utilities, third-party manufacturing services, or other supplies required by our operations;*
 - *the outcome of ongoing litigation as well as any new litigation to which we may become a defendant;*
 - *product warranty or liability claims based on epidemic, security or delivery failures or recalls by our customers for a product containing one of our parts or claims arising out of breaches of our information technology systems.*

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.

Agenda 3



- Welcome
- Highlights
- Company Results Q4 & FY12
- Products, Technology, & Manufacturing
- 2013 Priorities
- Question & Answer Panel

Tait Sorensen

Carlo Bozotti

Georges Penalver

Jean-Marc Chery

Carlo Bozotti



2012 Highlights

Carlo Bozotti
President & CEO



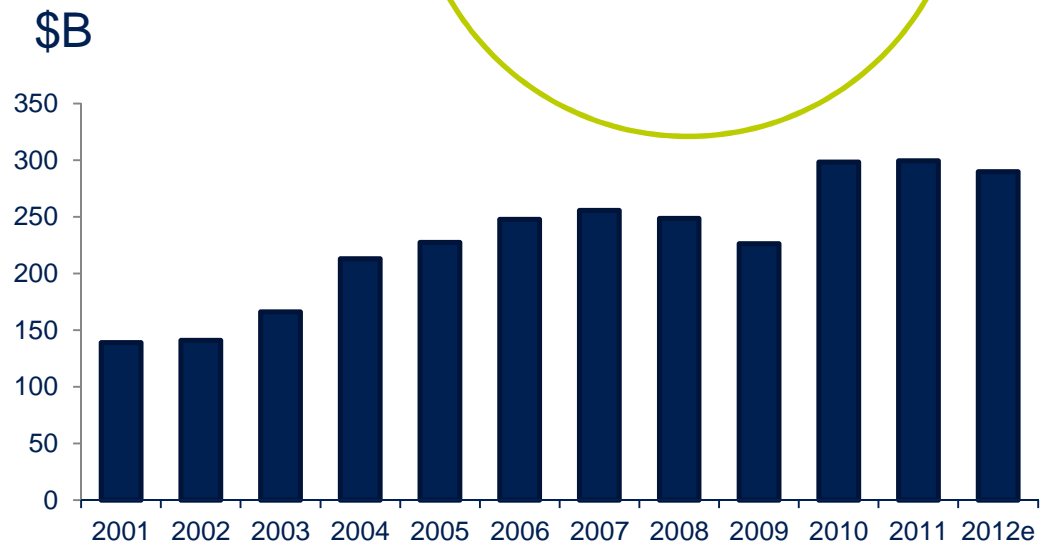
Company Results in Q4 and FY 2012

Georges Penalver
Executive Vice President,
Corporate Strategy Officer



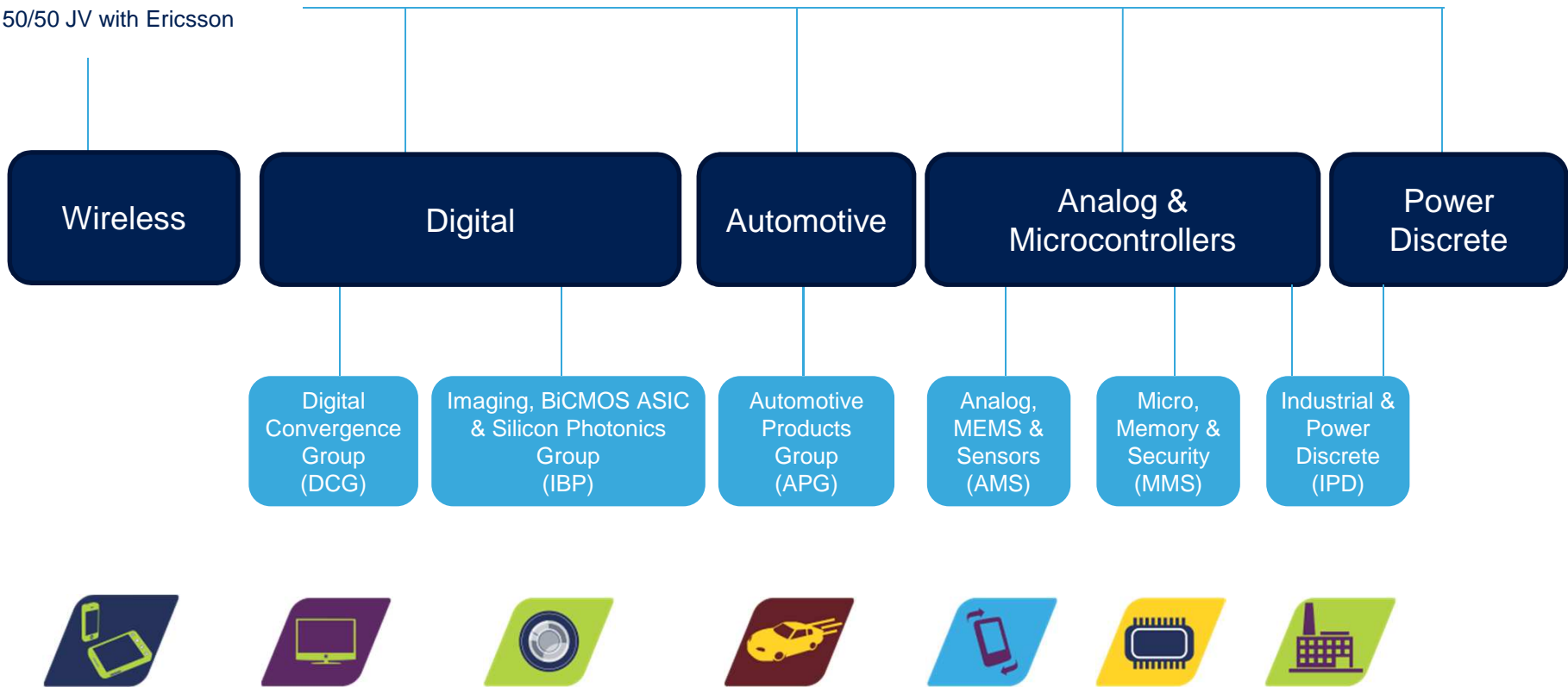
- A global semiconductor leader
- The largest European semiconductor company
- 2012 revenues of **\$8.49B**⁽¹⁾
- Approx. **48,000** employees worldwide⁽¹⁾
- **11,000** people working in R&D
- **12** manufacturing sites
- Listed on New York Stock Exchange, Euronext Paris and Borsa Italiana, Milano

Semiconductor Market

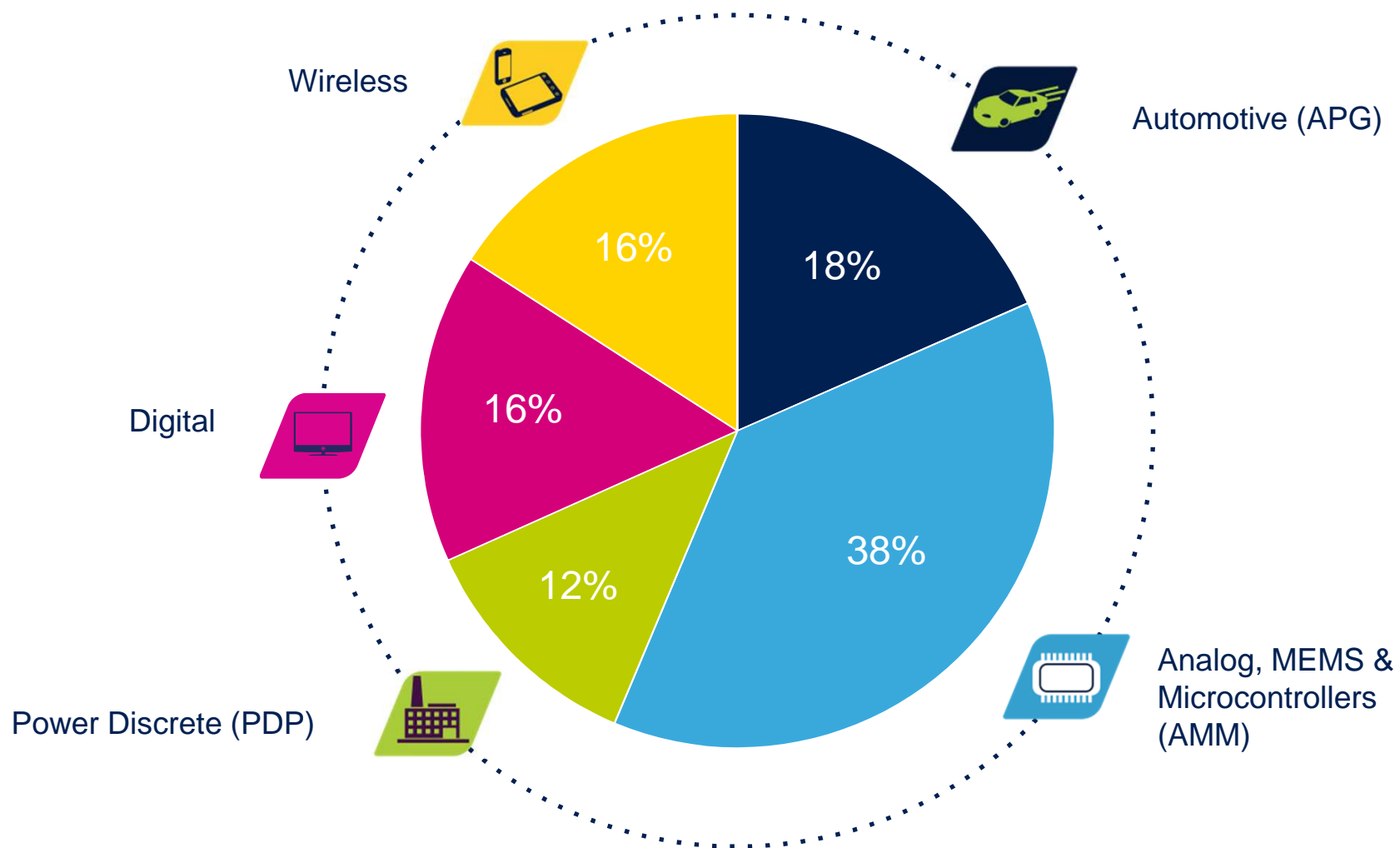


SAM-excluding ST-Ericsson
expected to grow 4.3% in 2013

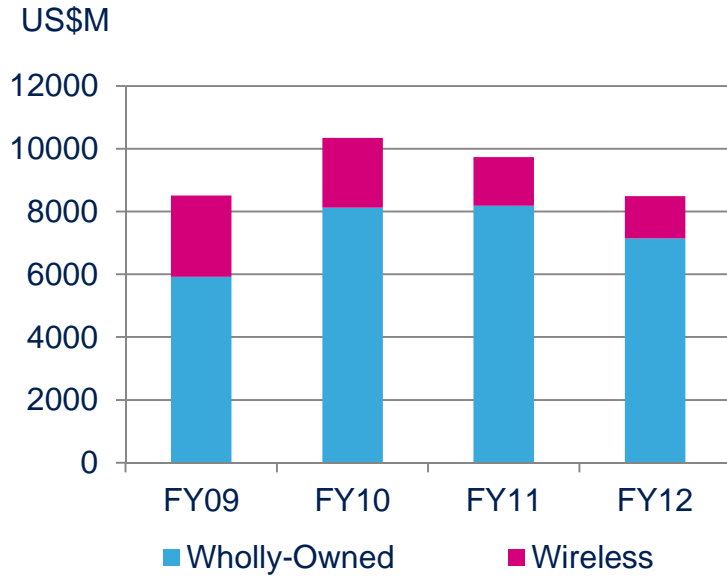
2012 Product Segments



2012 Revenues by Product Segments

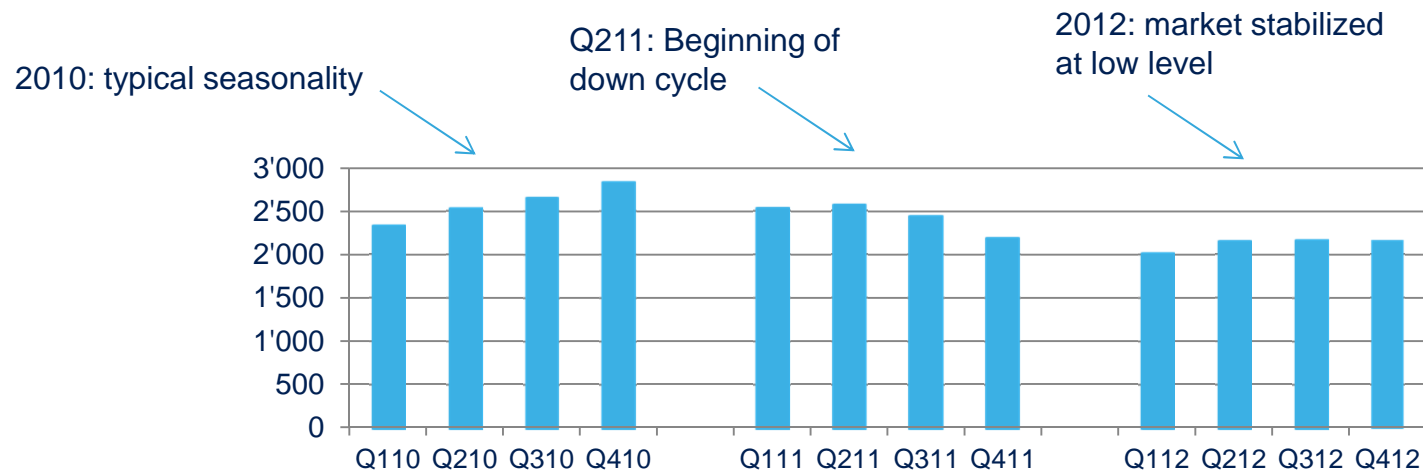


ST Total Revenues



FY12 total revenues = \$8.49B

- Down 12.8% compared to 2011
- Change in customer sentiment from June
- Impact of former largest customer



ST Q412 Revenues

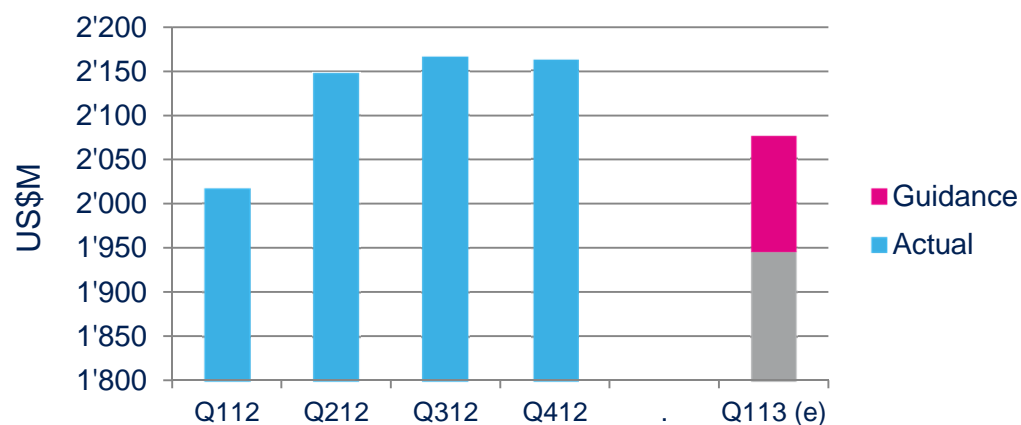
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Q412 Revenues = \$2.16B
flat vs. Q312

- ST wholly-owned business up 0.2% sequentially, up 1.6% y-o-y
- Wireless product segment down 2.2% sequentially,
- Sequentially, Japan & Korea up 16% EMEA region down 13%

Q113 revenue expected to be down 7% sequentially (+/- 3.5 percentage points)

- Wholly-owned business expected to deliver a better than seasonal revenue performance with a sequential decrease of about 3% at the mid-point



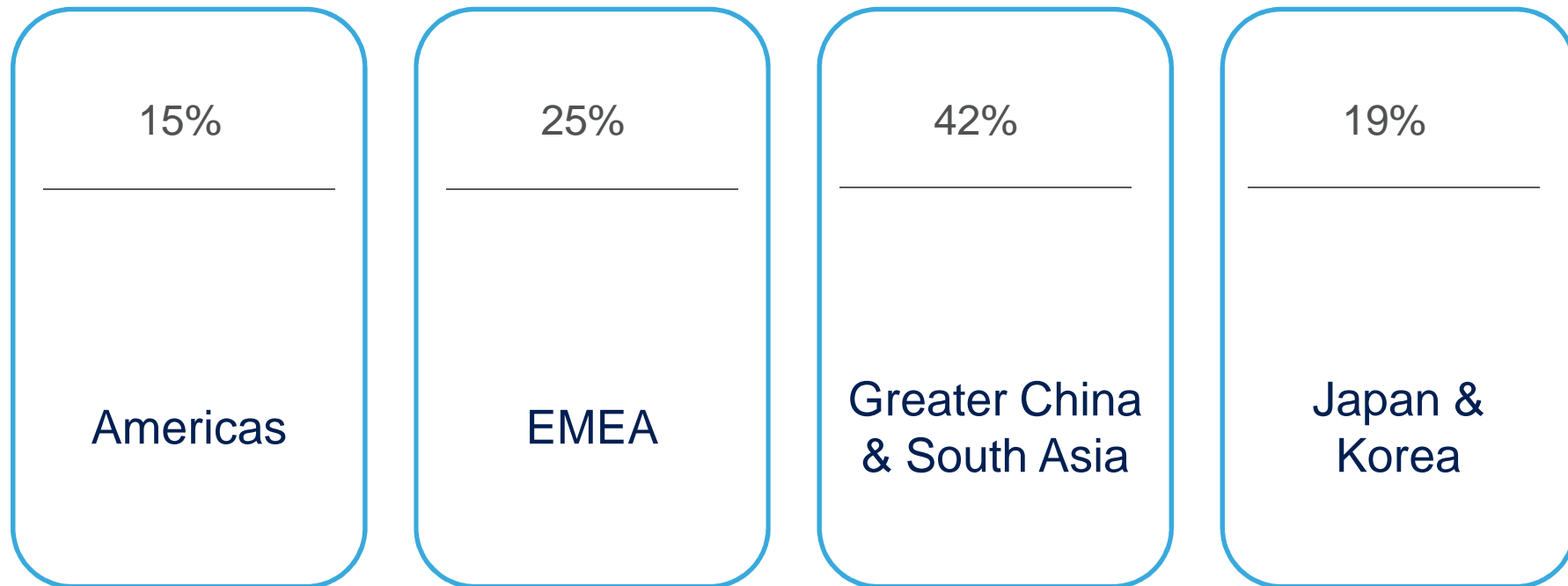
Partners of our Customers Worldwide

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Global Presence

13



% by location of order shipment

2012 revenue by geography

Top Customers

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Key Marketing Initiatives

TARGET NEW MAJOR ACCOUNTS*

- Q412 up 24% yoy
- FY12 up 13%

MASS MARKET

- Q412 up 11% yoy
- FY12 down 9%

*excluding ST-Ericsson



Top 10 OEM Customers 2012 (listed alphabetically)

Apple

Bosch

Cisco

Continental

HP

Nokia

Research in Motion

Samsung

Sony

Western Digital

Financial Performance

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<i>In US\$M, except EPS</i>	Q112	Q212	Q312	Q412	FY12	FY11
Net Revenues	2,017	2,148	2,166	2,162	8,493	9,735
Gross Margin	29.6%	34.3%	34.8%	32.3%	32.8%	36.7%
Operating Income (Loss) before impairment, restructuring & one-time items*	(176)	(151)	(79)	(142)	(548)	121
Operating Margin before impairment, restructuring & one-time items attributable to ST*	(6.5%)	(1.3%)	0.3%	(3.3%)	(6.5%)	6%
Net Income – Reported	(176)	(75)	(478)	(428)	(1,158)	650
EPS Diluted	(0.20)	(0.08)	(0.54)	(0.48)	(1.31)	0.72
Adjusted EPS Diluted*	(0.14)	(0.05)	(0.03)	(0.11)	(0.33)	0.41
Free Cash Flow*	98	(129)	(80)	145	33	(288)
Net Financial Position, adjusted for 50% investment in ST-Ericsson*	1,267	1,153	1,064	1,192	1,192	1,167
Effective Exchange Rate €/\$	1.33	1.32	1.29	1.30	1.31	1.37

*See appendix

ST Gross Margin Evolution

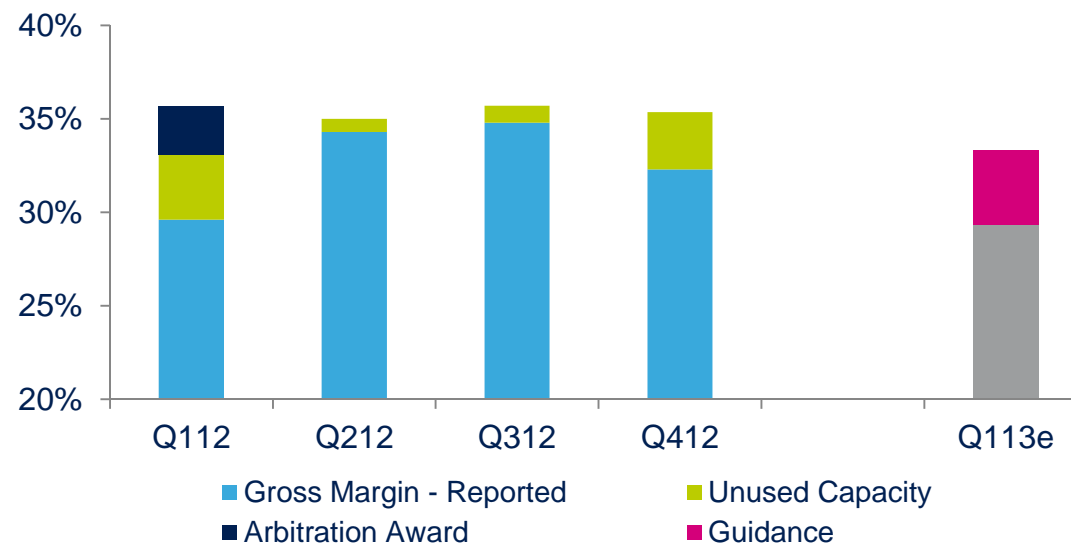
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Q412 Gross Margin at 32.3%

- Impact of low volumes with \$172M unsaturation charge recorded in FY12
- Also driven by significant efforts to manage inventories

Q113 guidance: 31.4% +/- 2 percentage points

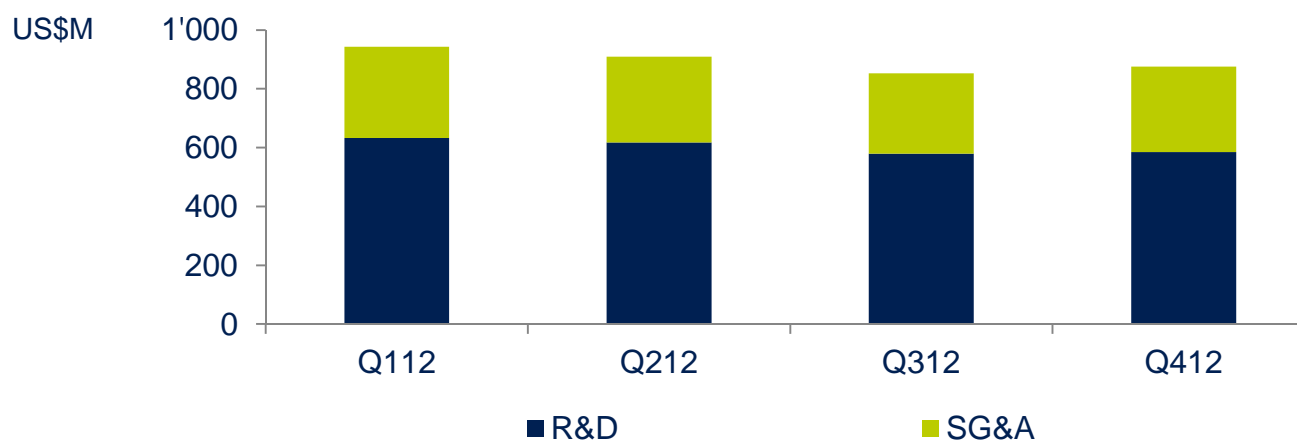
- Reflecting lower unsaturation charges but no revenues from licensing compared to Q412



ST Opex Evolution

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Goal: \$600M - \$650M / quarter beginning 2014



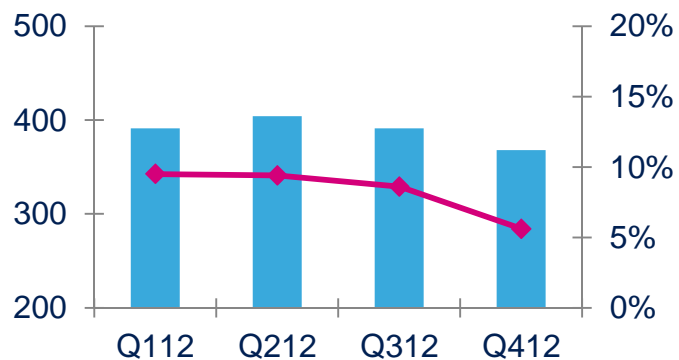
Key programs ongoing to reduce Opex

- ST-Ericsson restructuring underway
- New \$150M cost savings plan announced in October
- New Strategic Plan

Wholly-Owned Business Performance

Automotive

\$368M revenue
5.6% op. margin



Digital

\$320M revenue
\$51M op. loss



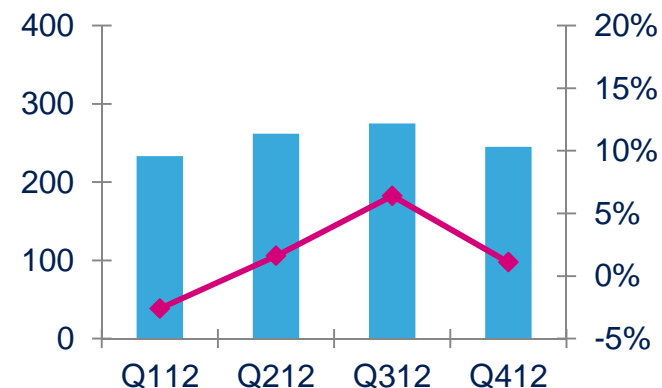
Analog, MEMS & Microcontrollers

\$864M revenue
13.9% op. margin



Power Discrete

\$245M revenue
1.1% op. margin



Revenue
Operating Margin *

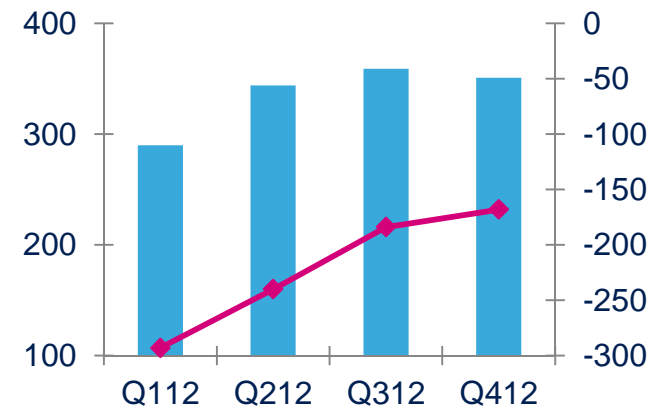


* Operating Income before impairment, restructuring charges. Unused capacity charges are reported in the Group "Others"

Wireless Product Segment Performance

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- Q412 Wireless Net Revenues decreased 2.2% sequentially
- Revenue reflected ST-Ericsson's continued ramp of NovaThor™ platforms and \$43M from IP licensing, which was more than offset by the decrease in legacy products sales
- Impairment charges on Wireless goodwill and other intangible assets bringing the investment value of ST-Ericsson on our books to a negligible amount



\$351M revenue
\$168M op. loss

Revenue Operating Results (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

Net Financial Position*

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End of period (US\$M)	Dec. 31, 2011	Sept. 29, 2012	Dec. 31, 2012
Available Cash and Marketable Securities	2,325	1,923	2,489
Restricted Cash	8	4	4
Total Liquidity	2,333	1,927	2,493
Total Financial Debt**	(1,566)	(1,558)	(1,301)
Net Financial Position	767	369	1,192
Net Financial Position, adjusted to account for 50% investment in ST-Ericsson	1,167	1,064	1,192

Improved net financial position compared to 2011

- Despite challenging market conditions
- \$476M of capex
- Absorbed our portion of ST-Ericsson R&D investment
- Paid \$355M in dividends

ST-Ericsson' parents waived their loan to ST-Ericsson in Q412



* See appendix

** Includes ST-Ericsson debt to Ericsson of \$0M at Dec; 31, 2012, \$695M at Sept. 29, 2012 and \$400M at Dec. 31, 2011

- Q113 revenues is expected to decrease sequentially in the range of about -7%, plus or minus 3.5 percentage points. Wholly-owned businesses is expected to deliver a better than seasonal revenue performance, with a sequential decrease of about 3% at the midpoint, despite weak macro-economic conditions. ST-Ericsson anticipates a very significant sequential decrease in net sales
- Q113 gross margin is expected to be about 31.4%, plus or minus 2.0 percentage points, reflecting lower unsaturation charges but no revenues from licensing compared to the fourth quarter
- **More broadly, semiconductor market conditions are expected to improve in 2013, driven by a more favorable economic environment. ST anticipates a good level of growth in 2013 in our Sense & Power and Automotive Products and Embedded Processing Solutions segments. In particular, we expect imaging, microcontrollers, analog and MEMS to be the highest contributors to our revenue performance.**

Outlook based on an assumed effective currency exchange rate of approximately \$1.31= €1.00 for the 2013 first quarter and includes the impact of existing hedging contracts.

The first quarter will close on March 30, 2013.



December 10, 2012
Announcing a new,
more focused ST

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- A new vision, a new strategy
- Focus on five high-growth drivers where ST leads or will lead
- Decision to exit ST-Ericsson after a transition period
- New financial model targeting 10% or more operating margin

A stronger,
focused,
high-performing ST
within growing markets

- Due to major changes in the dynamics of the wireless market, ST has made the decision to exit ST-Ericsson after a transition period
- Disengagement process has started
 - Transition expected to end during the third quarter of 2013
- Finalizing its decision regarding available strategic options
 - Our current best estimate is that ST could have funding requirements, including the ongoing operations of ST-Ericsson during the transition period and restructuring costs, in the range of approximately \$300 million to \$500 million during 2013, taking into account the impact of the strategic options.
 - While no further details can be provided at this time, any option taken will be in line with the new financial model as presented by ST in December 2012
- ST will continue to support ST-Ericsson as its supply chain partner, advanced process technology partner (FD-SOI) and application processor IP provider
- ST continues to pursue significant growth opportunities in wireless
 - Motion, environmental, image and touch sensors; audio amplifiers and sensors; secure microcontrollers; AMOLED display drivers...

ST Financial Model^(*)

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Targeting 10% or more operating margin

Net operating expenses average quarterly rate
in the range of \$600 million to \$650 million^(**)

(*) based on an average effective exchange rate of 1.30 Euro/dollar

(**) by the beginning of 2014; excluding restructuring charges

ST's new strategy: Leadership in...

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Sense & Power
and Automotive
Products



Embedded
Processing
Solutions



Addressing a \$140 billion market, ST gaining share



Source : WSTS

Intensified focus on five growth drivers

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MEMS and Sensors

Smart Power

Automotive

Microcontrollers

**Application
Processors and
Digital Consumer**

Targeting areas
where ST leads
or will lead



Products, Technology, & Manufacturing

Jean-Marc Chery

Chief Manufacturing & Technology Officer

Executive Vice President

Digital Product Sector General Manager

A strong, more focused product portfolio



Sense & Power and Automotive Products



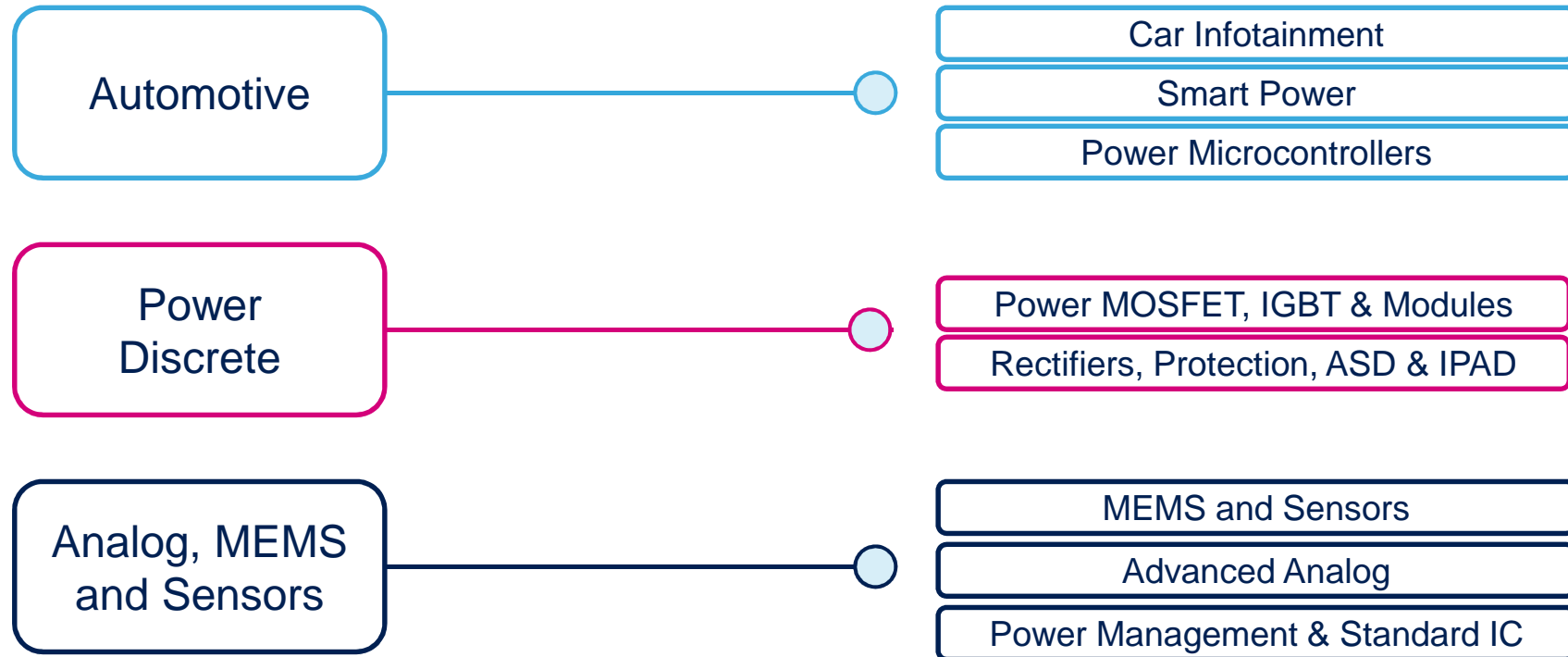
- MEMS and Sensors
- Power Discrete and Modules
- Advanced Analog, Power Management and Standard ICs
- Automotive products

- General Purpose MCUs and Secure MCUs
- Application Processors and Digital Consumer products
- Imaging ICs and Modules
- Digital ASICs

Embedded Processing Solutions

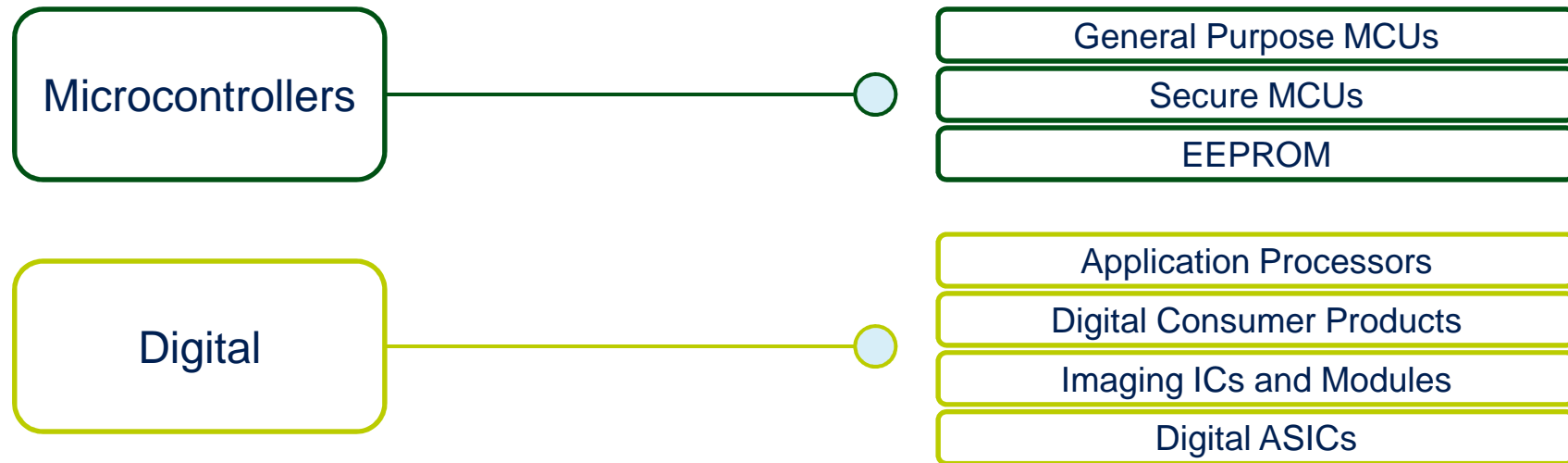


Sense & Power and Automotive Products



Embedded Processing Solutions

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Highlights of 2012 – Automotive

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2012

Continued expansion for **32bit Power MCU** family

Over \$2.2B design wins now collected over the lifetime with major car makers and Tier 1's in Europe, Japan, Korea, USA, and China

Leadership confirmed in the area of **Smart Power** with latest 110nm BCD9S process

Several design wins in safety, powertrain and body with major Automotive players in Europe, Japan and USA.

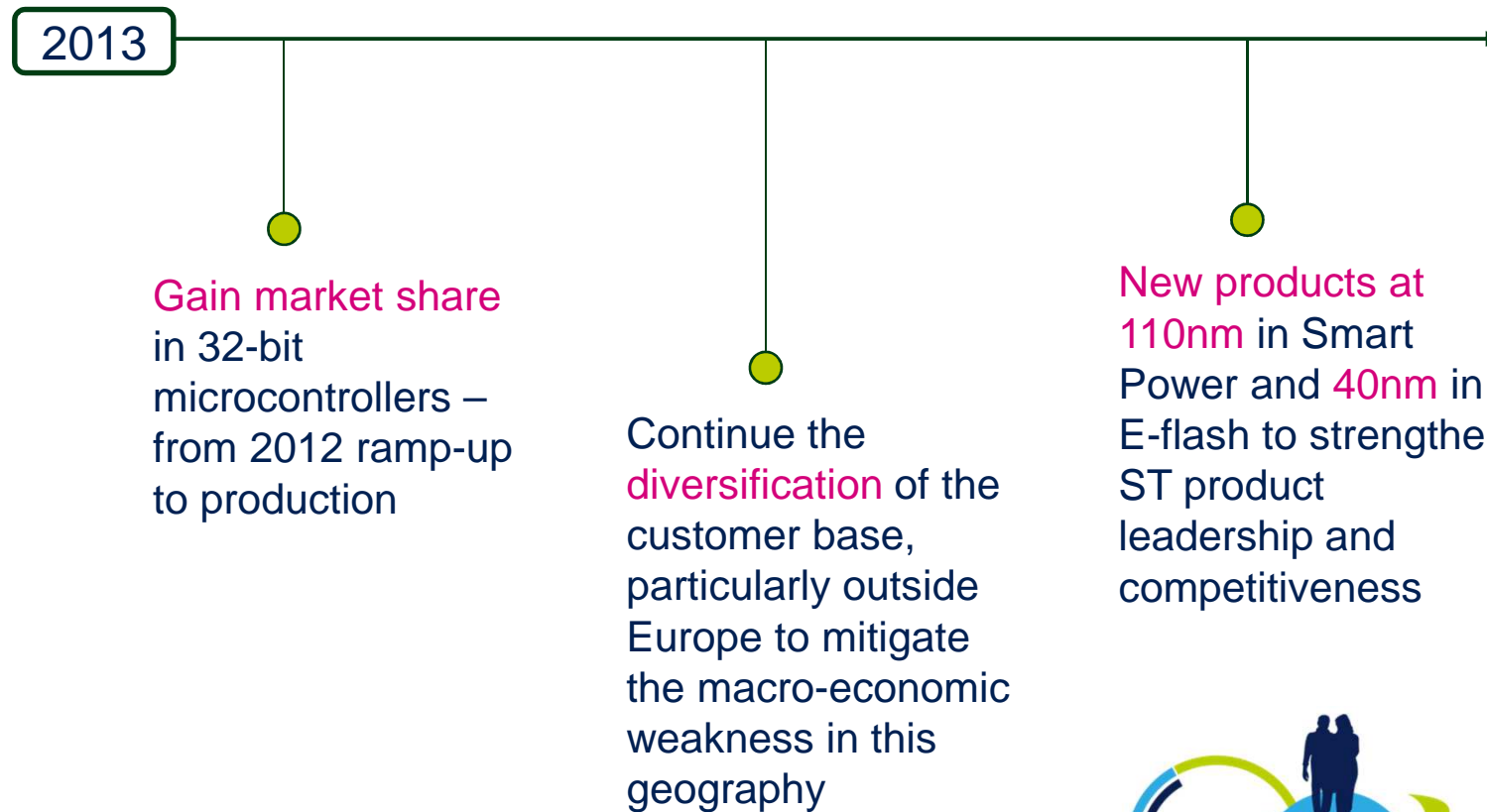
In the **Infotainment**, important design wins in application as Telematics and Navigation as well as in Digital Terrestrial tuners

Confirmed leadership in technologies such as Multiconstellation Positioning (GPS+Glonass) and in AM/FM/DAB (Digital Audio Broadcasting) receivers.

Established partnerships with **leading car makers such as Audi and Hyundai** in the area of innovation and system optimization

Priorities for 2013 - Automotive

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Highlights of 2012 – Power & Smart Power

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2012

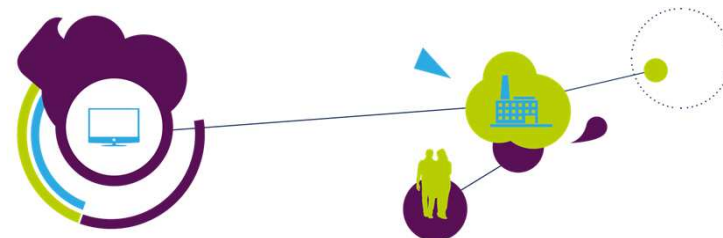
Introduced new **low voltage MOSFET & IGBT families** to complement our traditional strengths in high voltage MOSFET

Over 70% of the world's ICs for powering **AMOLED displays** supplied by ST

Introduced high-performing, power-saving **Tunable Capacitors** for new generation 4G LTE devices to leading smartphone manufacturers

- Ensuring longer battery life and high immunity to cellphone communication noise
- Now expanding reach to TV display applications

- Enhancing the transfer of energy from the handset amplifier to the antenna under various operating conditions



Priorities for 2013 –Power & Smart Power

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2013

Expansion of **Low Voltage MOSFET** and **IGBT** (including modules) addressing Industrial, Telecom, and Automotive applications

Major turnaround of **distribution & mass market** following tough market conditions in 2012

Introduce innovative solutions in **power management for portable equipment**



Highlights of 2012 Analog, MEMS & Sensors

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2012

Ramped-up production in customer flagship models of new MEMS product families

- Pressure sensors, microphones and 6X Inertial Combos

Important design win of an analog chip for monitoring smartphone batteries

Launched a Capacitive Touch Screen controller

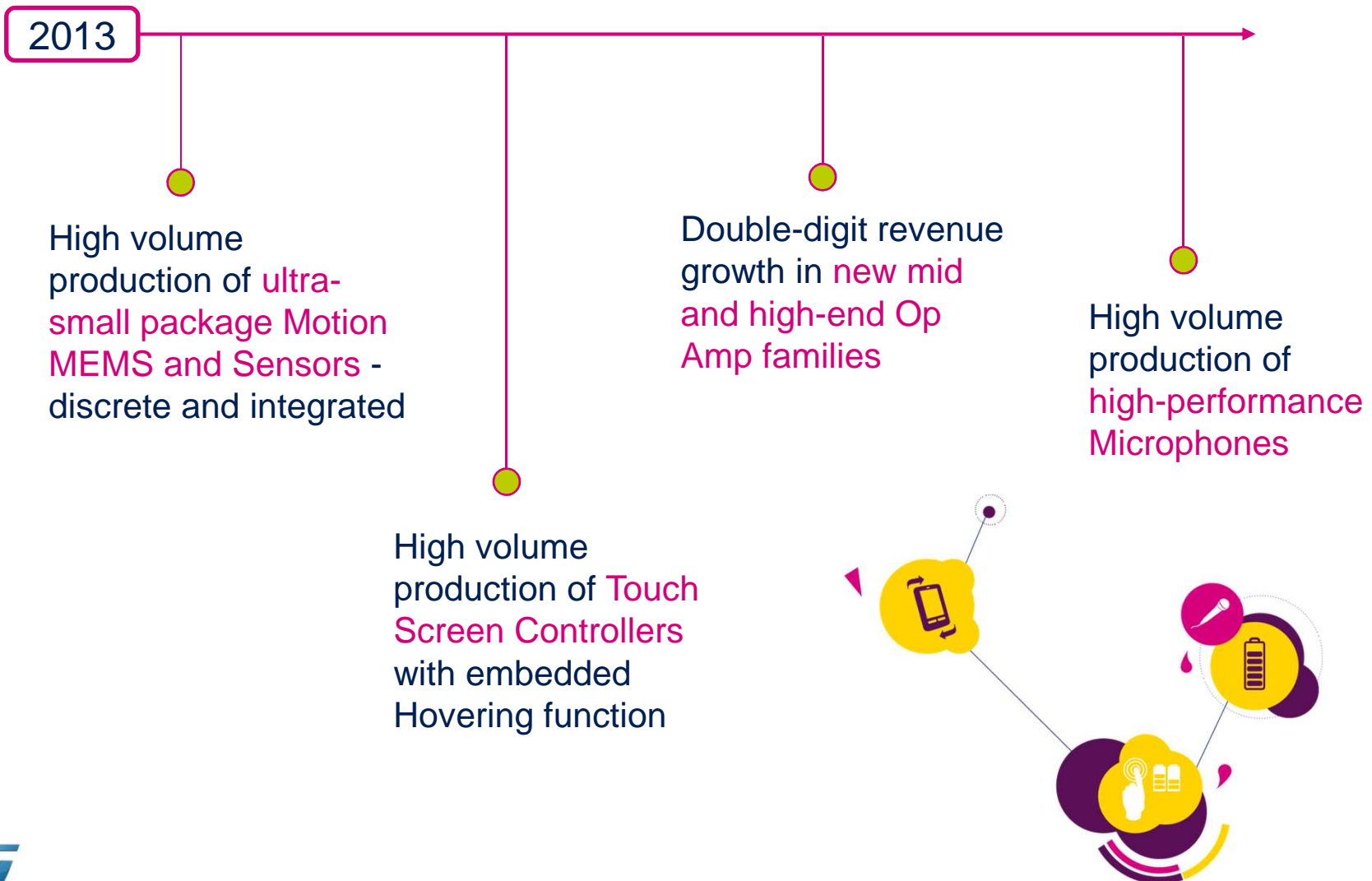
- Compatible with in-Cell and on-Cell display technology



MEMS revenues growth of 22% Y/Y

Priorities for 2013 Analog, MEMS & Sensors

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Highlights of 2012 – Microcontrollers

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2012

Consolidated 32-bit General Purpose MCU leadership

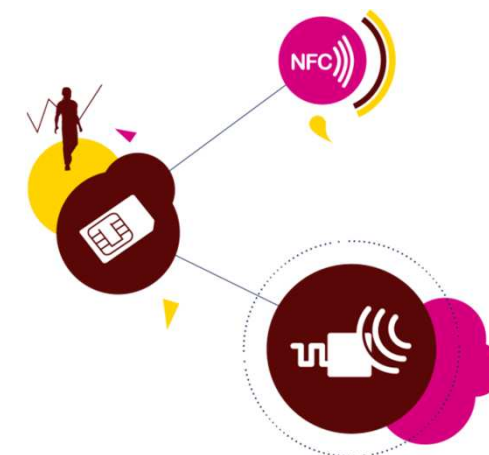
- Expanded STM32 family portfolio with 7 new product lines introduced in 2012
- STM32 > 30% growth vs. 2011

Introduced a new Dual mode EEPROM embedding an NFC compatible RF interface on a top of standard serial contact interface

- Opening a new era for all small memories based on EEPROM array

Established as a leading Secure Element vendor

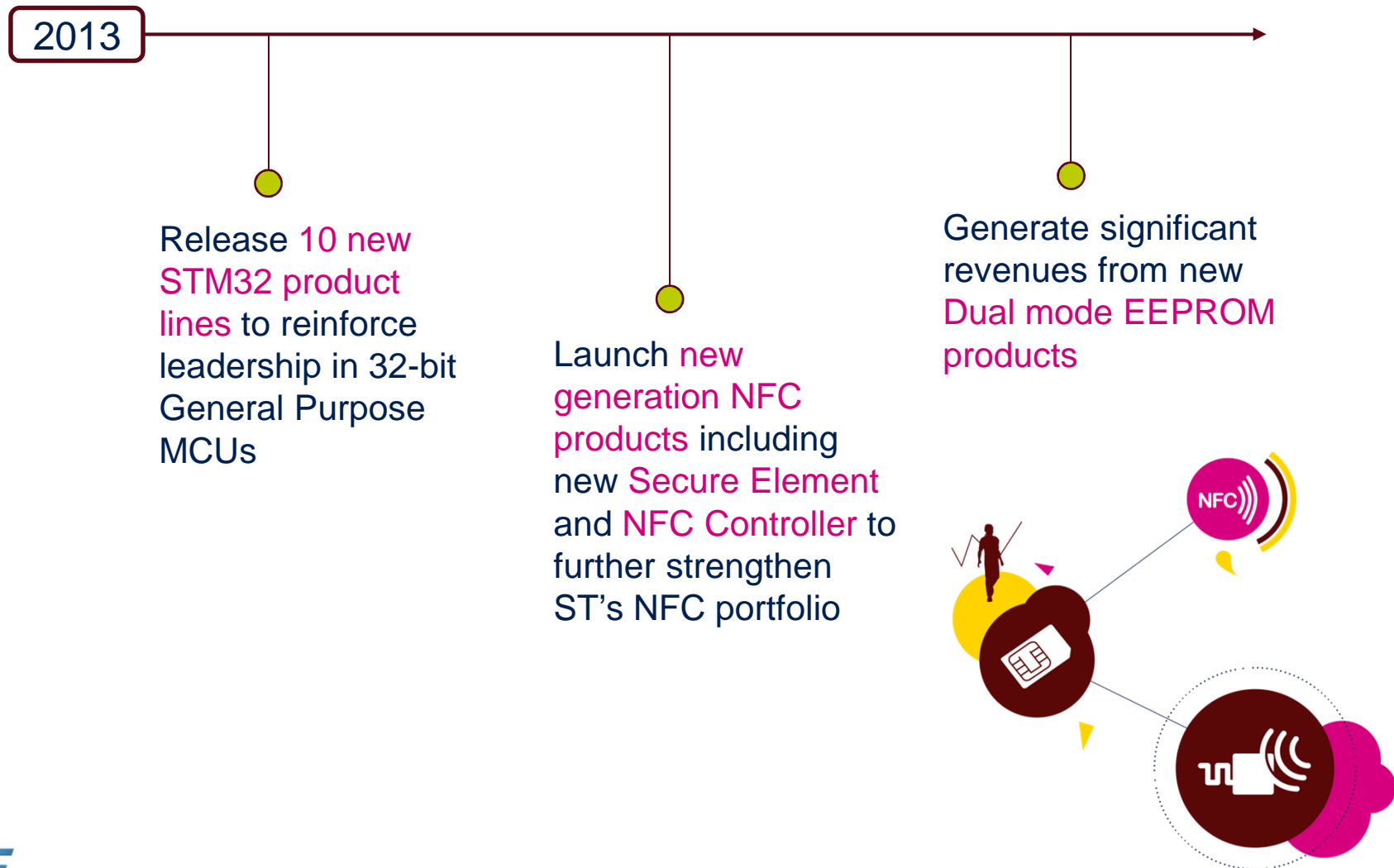
- ST33 massive deployment in Single Wire Protocol-SIM and Embedded Secure Element for NFC smartphones



32-bit General Purpose MCUs revenues growth of 30% Y/Y

Priorities for 2013 - Microcontrollers

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Highlights of 2012 – Digital Group

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2012

Successfully diversified **Imaging** in **new applications** and **new customers**

- Digital Still Camera
- Automotive
- Gaming
- Mobile

Silicon Photonics

- Solid technology implementation progress in Crolles 300mm fab
- Paving the way for partnerships with Key customers in Optical Modules market

Successfully expanded our share in **32/28 nm ASIC**

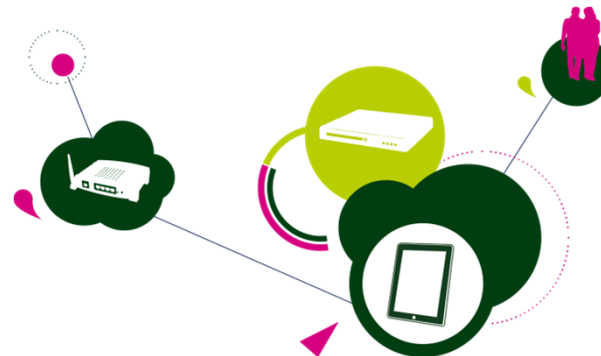
- Several design wins in Networking and other applications

Completed strategic move with ST-Ericsson in the **Application Processor** area

- Unified Processing Platform

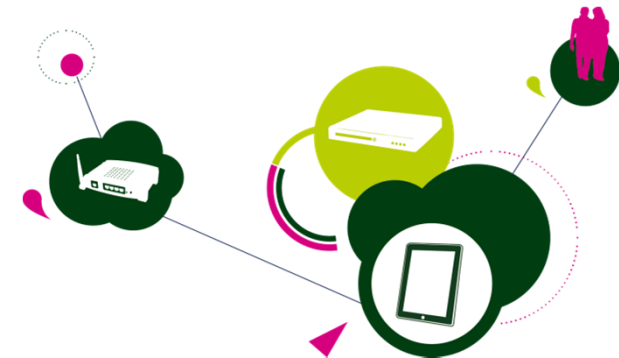
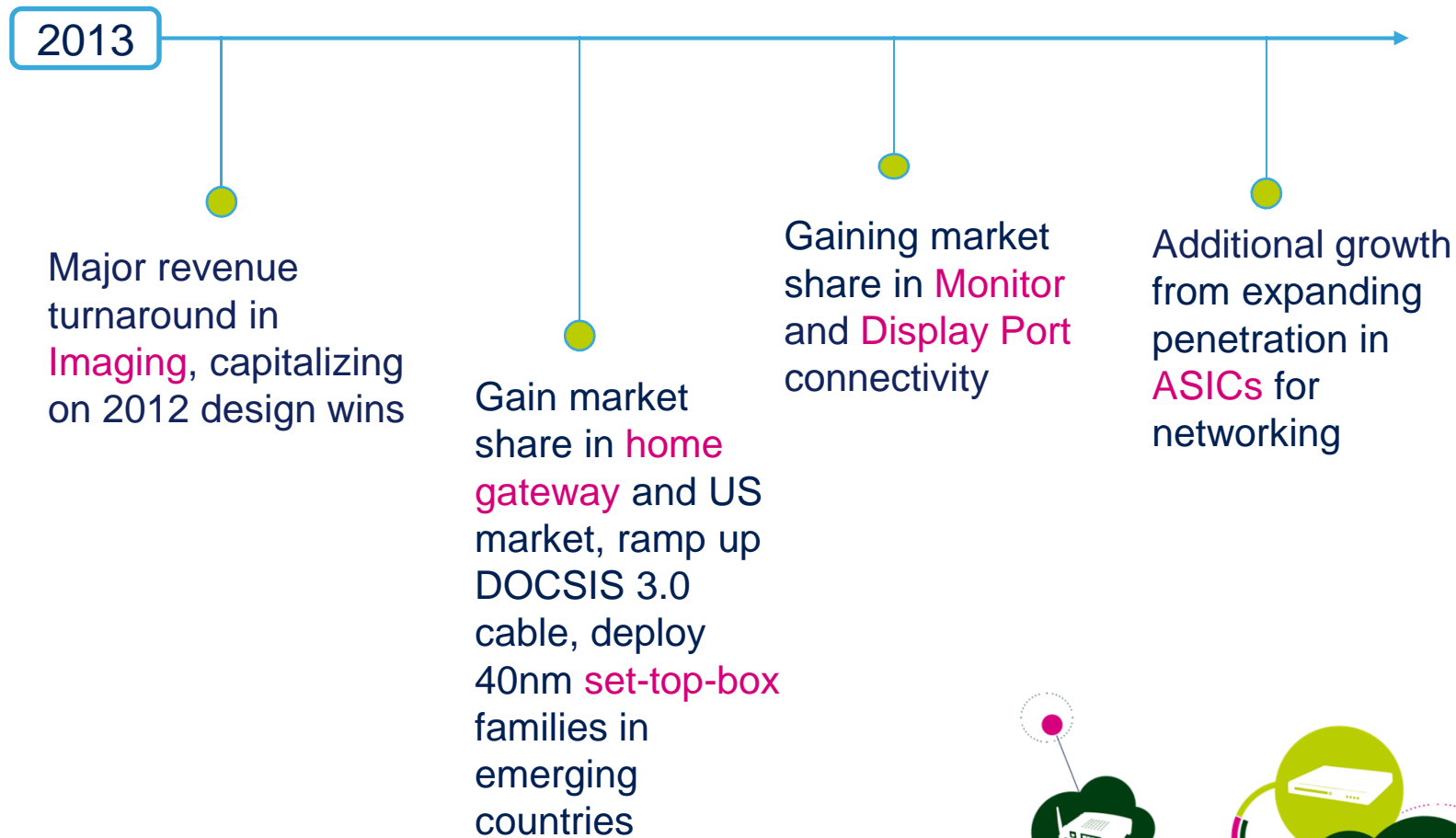
Fast adoption of the **40nm Class 2 Set-Top-Box** families in cable, terrestrial & IPTV, and 28nm Home Gateway products

- Important design wins for Orly in 32nm and 28nm



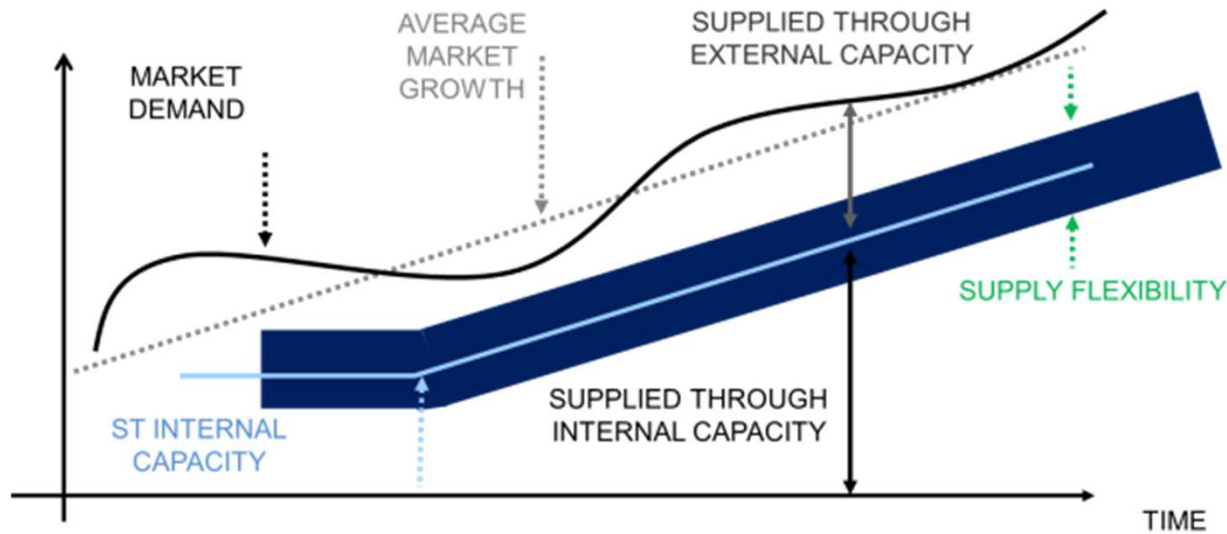
Priorities for 2013 – Digital Group

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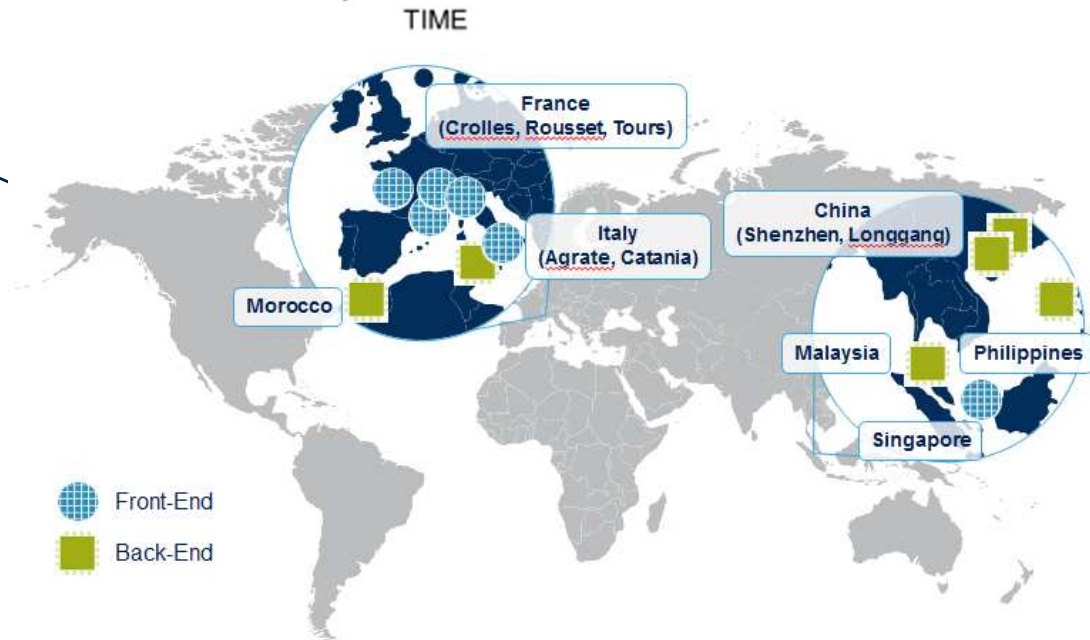


Manufacturing Model

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Flexible and independent manufacturing



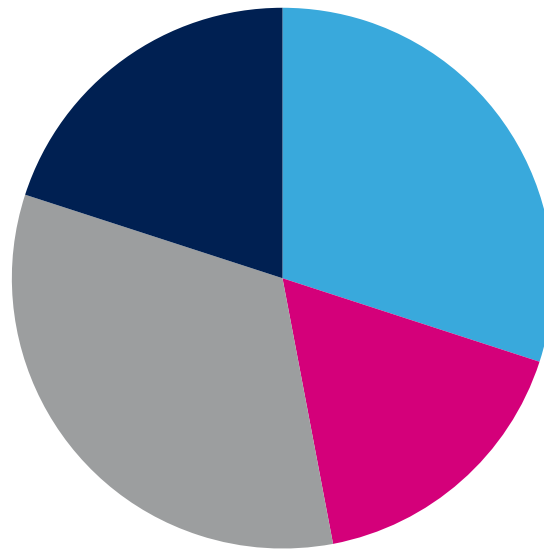
Capital Expenditures Significantly Down

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FY12 Capex of \$476M

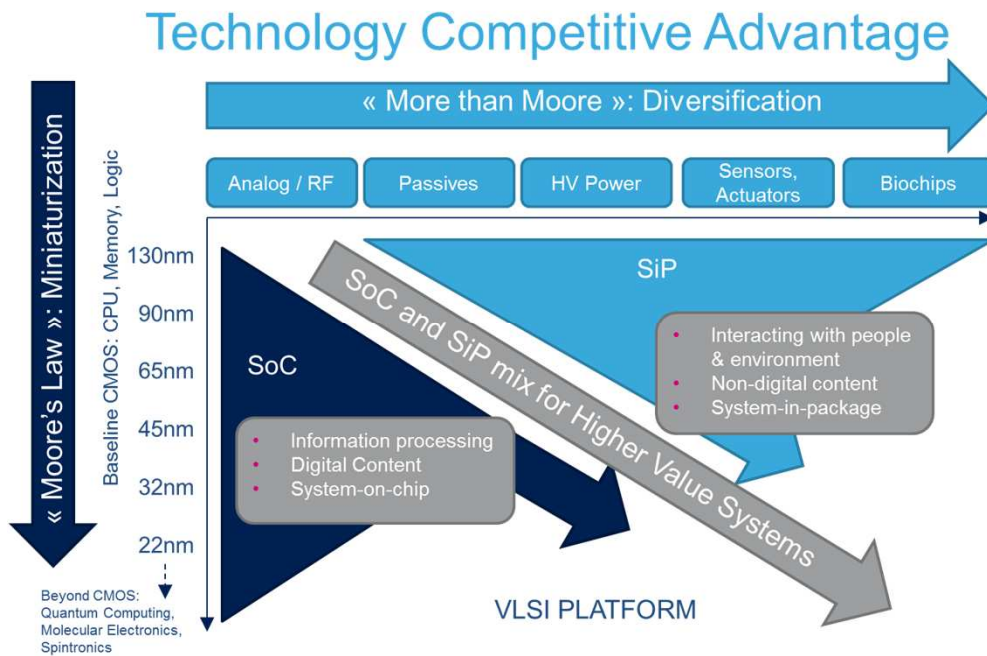
- Down from \$1.26B in FY11
- Demonstrated ability to adjust capex during the year

FY12 Capital Expenditures

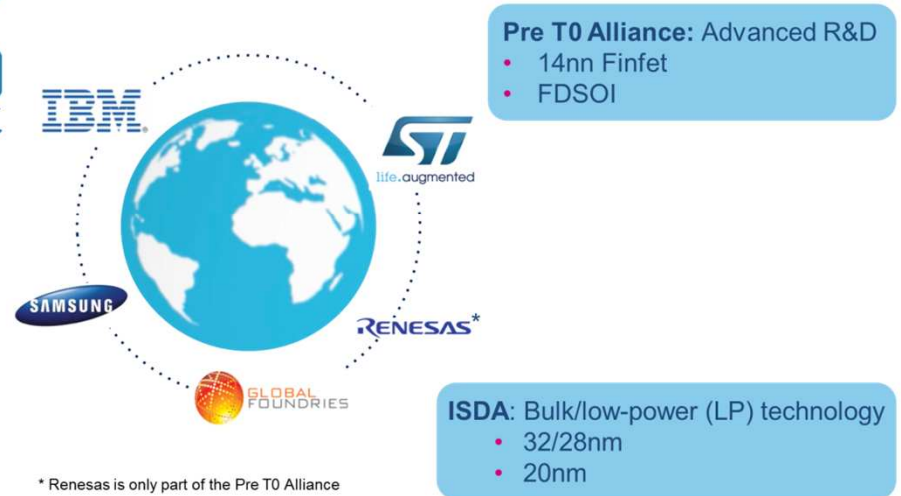


■ Front-End ■ Back-End ■ Test & Others ■ R&D

Technology R&D Model



CMOS Technology Alliances



Highlights of 2012 – Technology

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2012

BCD9S – The New generation of Smart Power technology

- Received major award from a leading Automotive equipment manufacturer

FD-SOI Technology Platform

- First Application Processor samples demonstrating superior performances vs. same product on Bulk standard technologies – Ready for production

Imaging BSI Technology Platform

- Started production of Image Sensors for an important smartphone maker

CMOS Technology Alliance

- Participation to ISDA extended to 2017, covering next nodes

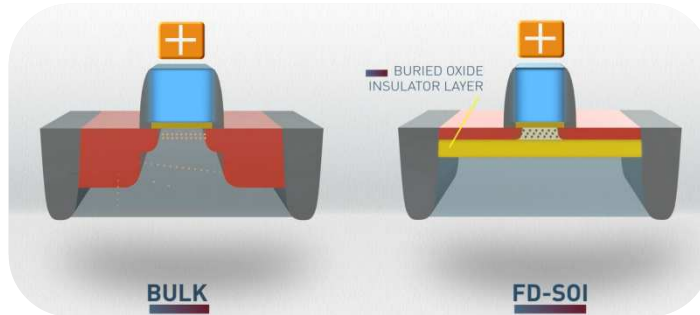


FD-SOI: Providing Unique Value

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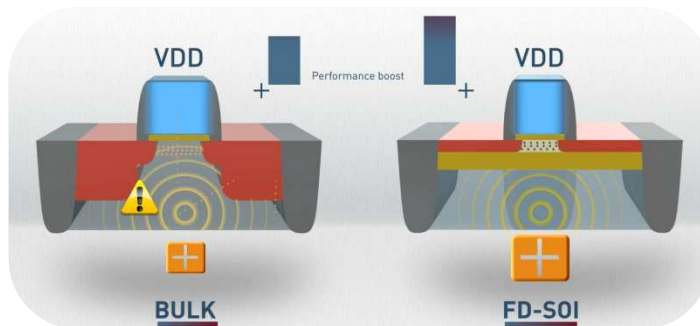
Cooler



- Transistors are 50% more power efficient than bulk CMOS devices with lower leakage and much wider range of operation points down to lower voltages
- Consumer devices run cooler and last longer



Faster



- Transistors run at max frequencies up to 30% faster than bulk CMOS, enabling faster processors
- Puts more powerful devices in the hands of the consumer



Simpler

- Manufacturing process for FD-SOI is much simpler than alternatives and makes extensive use of existing fab infrastructure
- Design porting from bulk is simple and fast



2013 Priorities

Carlo Bozotti
President & CEO

ST's new vision and strategy

OUR VISION

Everywhere microelectronics make a positive contribution to people's lives, there is ST



OUR STRATEGY

Leadership in Sense & Power, Automotive Products and Embedded Processing Solutions

OUR GROWTH DRIVERS

Smart Power



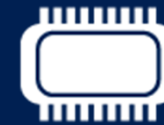
MEMS and Sensors



Application Processors and Digital Consumer



Automotive



Microcontrollers

Pre-Tax Items to Adjusted Earnings*

OPERATING RESULT NET EARNINGS	<i>In US\$M</i>	Q411	Q312	Q412
	U.S. GAAP Net Earnings	(11)	(478)	(428)
	Impairment & Restructuring Charges (attributable to Parent Company's shareholders)**	5	456	307
	Estimated Income Tax effect of Adjustment	(2)	(7)	(25)
	Adjusted Net Earnings*	(8)	(29)	(96)



* See appendix

** Total Impairment & Restructuring Charges were \$9M in Q411, \$713M in Q312 and \$588M in Q412

- **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.
- **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
- **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**