STMicroelectronics
Q3 2012 Financial Results

October 23, 2012

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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 continuing difficult macro-economic and industry conditions have led us to undertake a strategic review of our activities, focusing in particular on digital, so as to better align our performance in digital and analog with our financial model and achieve a sustainable financial balance; as a result, our new strategic plan, to be announced in December, may raise the possibility of further impairment and/or restructuring charges which could have a material impact on our financial results;*
- *further impairment charges which could be required in the event that ST-Ericsson is unable to successfully execute its new strategic plan and achieve a sustainable financial balance;*
- *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 competiveness 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.

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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

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Q312 Highlights

- Net revenues of $2.17 billion, up 0.9% sequentially
  - Strong product portfolio resilient to weak demand environment
  - Growth in MEMS, MCU, Power MOSFET, and IGBT
- Gross margin of 34.8%, up 50 basis points sequentially
  - Improved manufacturing efficiencies, favorable product mix and currency effect
  - Unsaturation charges stable compared to Q212
- Strategic review underway
  - New $150 million annual saving plans at the ST level
  - New strategic plan to be presented in December
- Strong progress of the Wireless Product Segment, still significant losses
  - Revenue up 4% sequentially, operating losses reduced by 23%
  - $690 million non-cash impairment charge of Wireless goodwill
- Solid attributable net financial position of $1.06 billion at September 29th

A quarter of sequential improvement and new initiatives to adapt to an on-going weak market environment.

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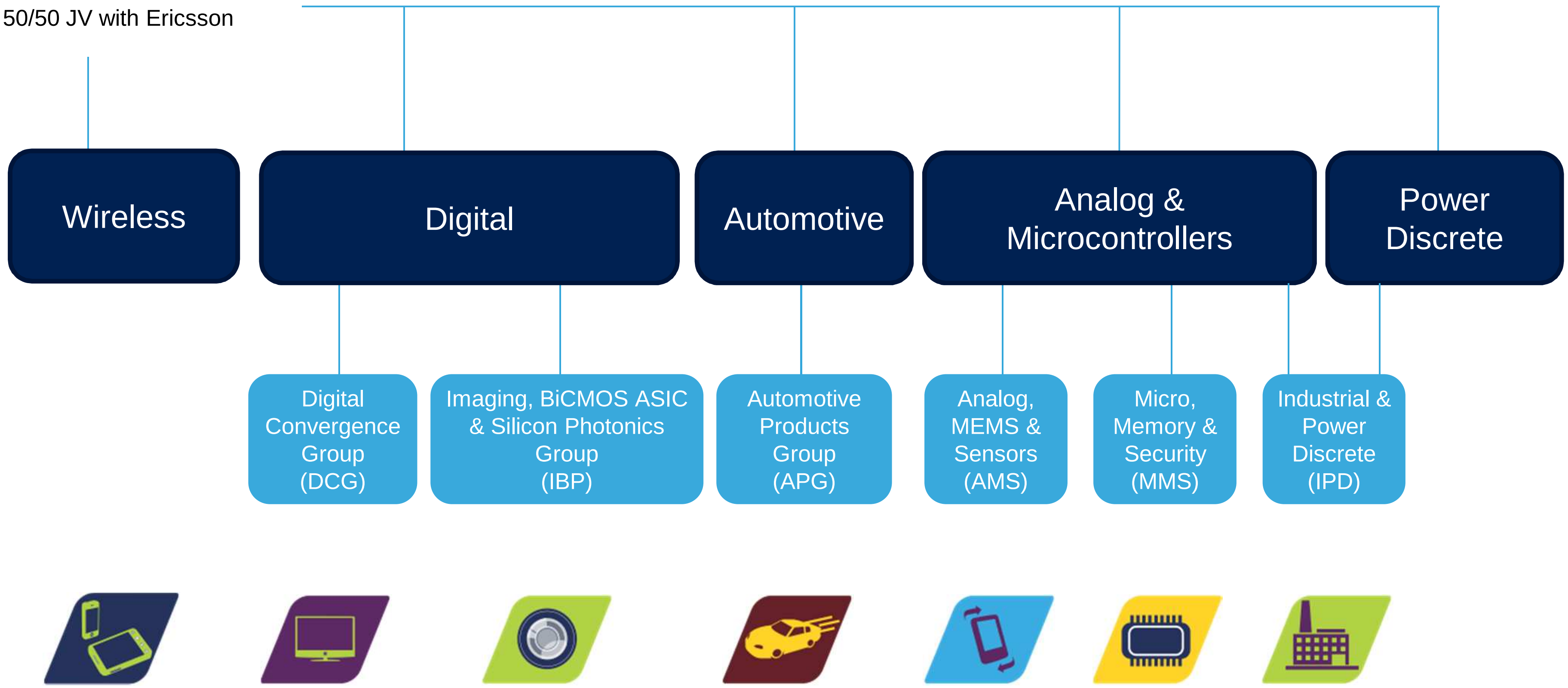
Focused Product Segments

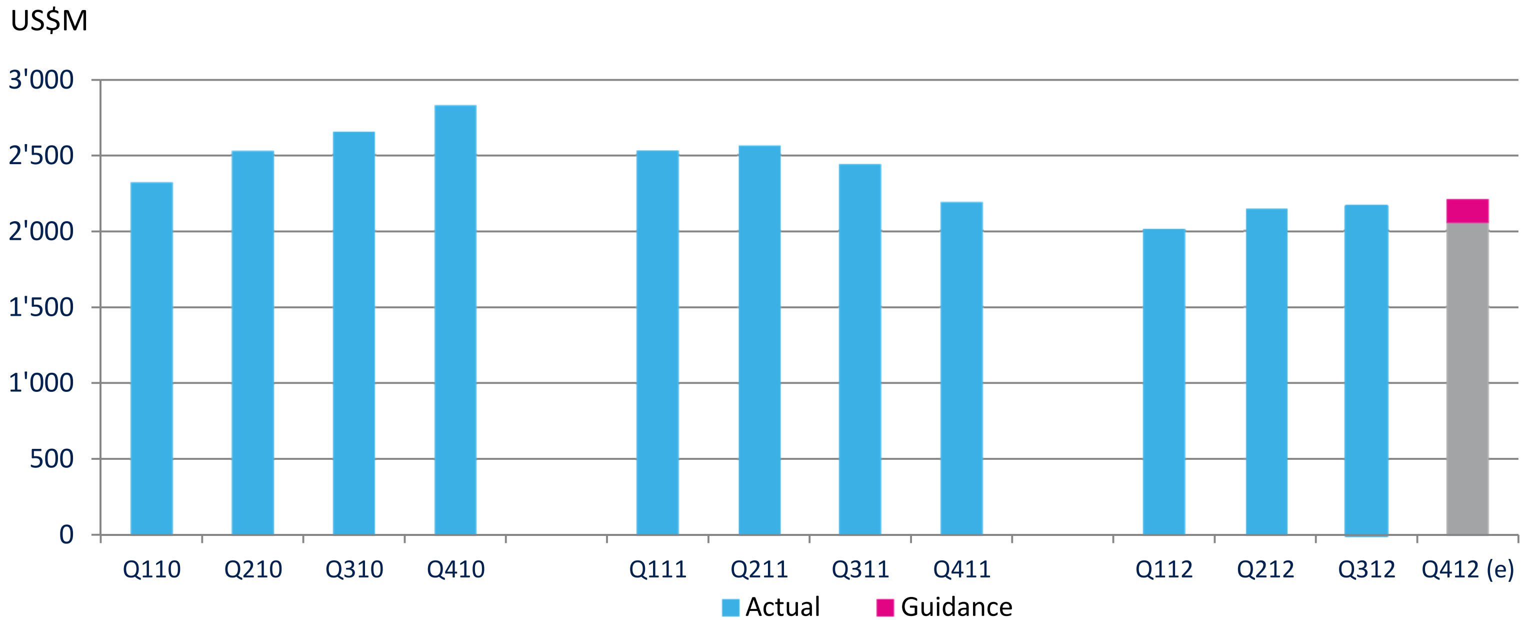


ST Q312 Revenues

Q312 Revenues = $2.17B
+0.9% vs. Q212

- **ST wholly-owned business stable**
- **Wireless product segment up 4%**
- **EMEA region up 5% sequentially with other regions relatively flat**

Q412 sequential revenue guidance: -5% to +2%



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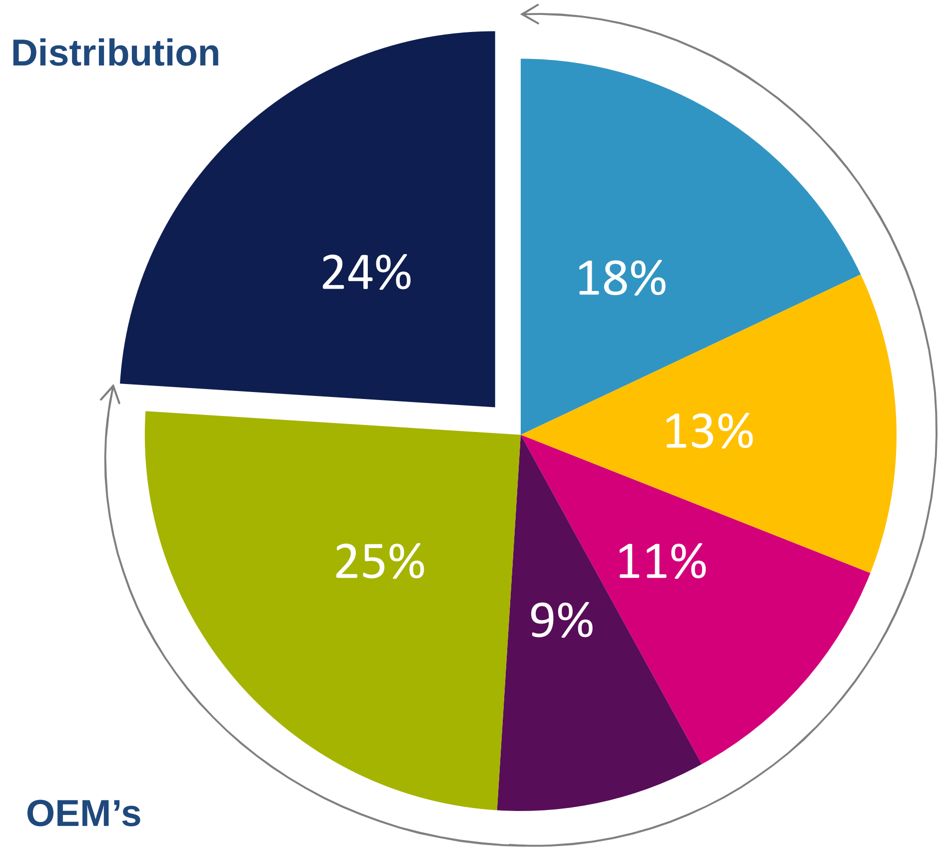
Q312 Revenues by Market Segment/Channel*



Q312 vs. Q212

Automotive	-3%
Computer	+3%
Consumer	+1%
Industrial & Other	+1%
Telecom	-8%
Distribution	+6%

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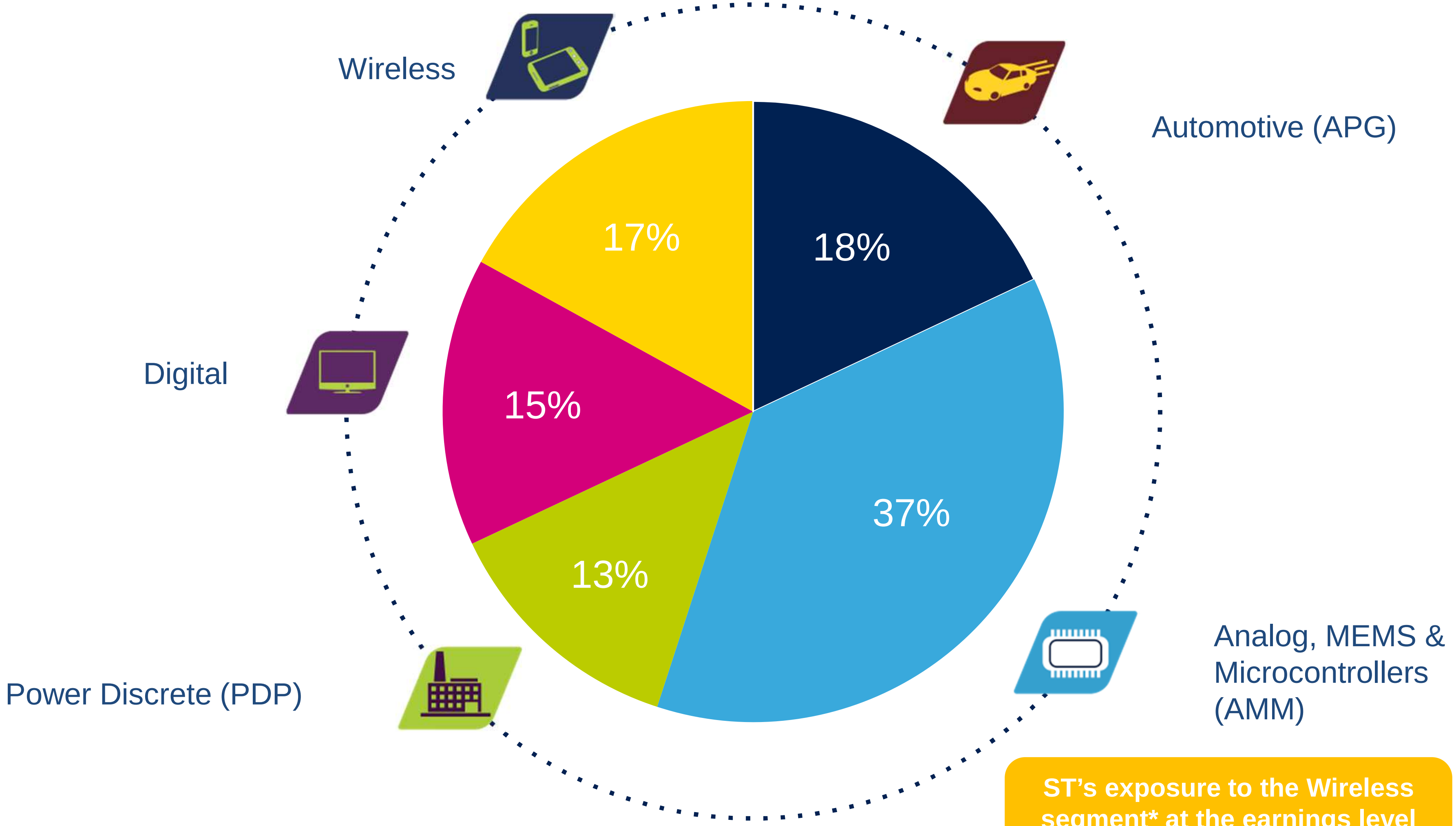
* Estimated. See appendix.

Q312 Revenues by Product Segments



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

*See appendix

Financial Performance

In US$M, except EPS	Q311	Q212	Q312
Net Revenues	2,442	2,148	2,166
Gross Margin	35.8%	34.3%	34.8%
Operating Income (Loss) before impairment, restructuring & one-time items*	(13)	(151)	(79)
Operating Margin before impairment, restructuring & one-time items attributable to ST*	4.3%	(1.3%)	0.3%
Net Income – Reported	71	(75)	(478)
EPS Diluted	0.08	(0.08)	(0.54)
Adjusted EPS Diluted*	0.09	(0.05)	(0.03)
Free Cash Flow*	(136)	(129)	(80)
Net Financial Position, adjusted for 50% investment in ST-Ericsson*	1,134	1,153	1,064
Effective Exchange Rate €/$	1.40	1.32	1.29

*See appendix

Financial Performance

In US$M	Wholly-owned businesses *			Wireless **		
	Q311	**Q212**	**Q312**	**Q311**	**Q212**	**Q312**
Revenues	**2,030**	**1,803**	**1,807**	**412**	**344**	**359**
Operating Income (Loss) before impairment, restructuring & one-time items	**202**	**89**	**105**	**(215)**	**(240)**	**(184)**
Operating Margin	**9.9%**	**4.9%**	**5.8%**	**na**	**na**	**na**

* 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

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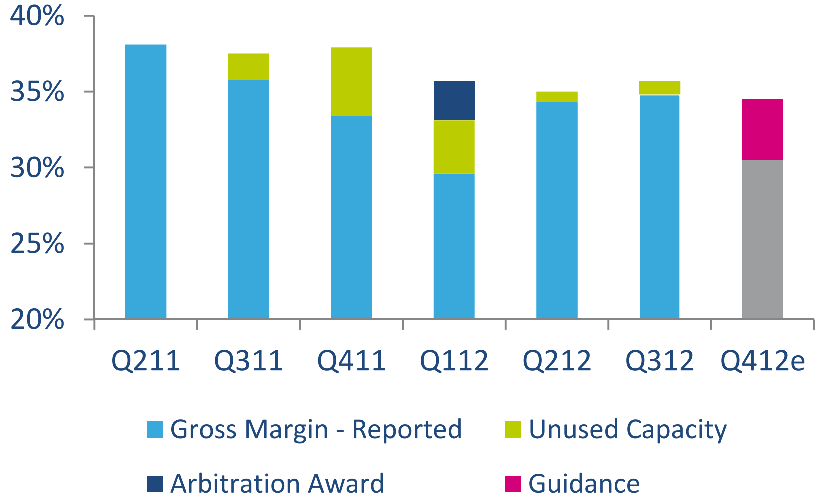
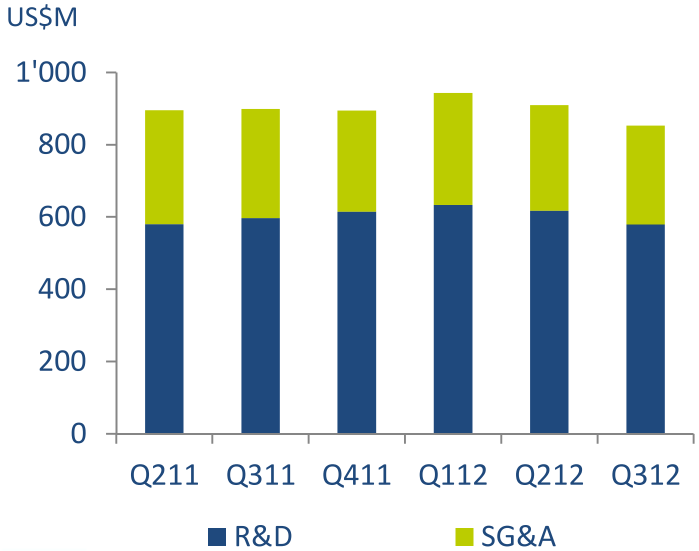
ST Gross Margin & Opex Evolution



Gross Margin Evolution

Impact of low volumes recorded from mid-2011 and one-time arbitration award
$80M unsaturation charges expected in Q412



Operating Expenses Evolution

Key programs:

- ST-Ericsson restructuring underway
- New $150M cost savings plan

Expected $220M annualized savings benefiting operating income attributable to ST by end 2013*

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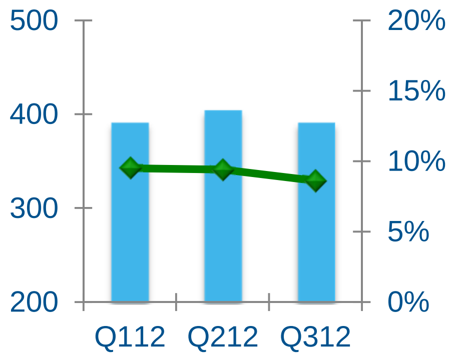
* Based on Q411 cost base and considering the 50% holding of ST in ST-Ericsson

Wholly-Owned Businesses Performance

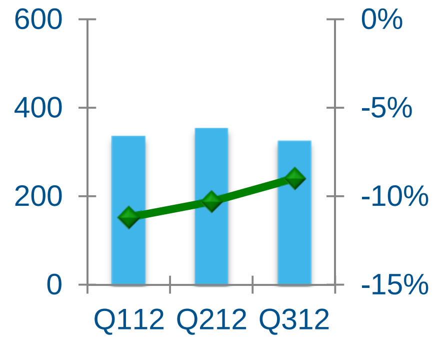
Automotive



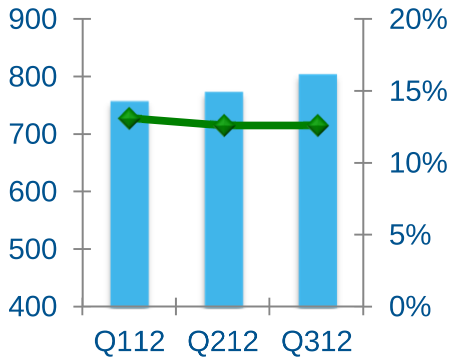
$391M revenue
8.6% op. margin

Digital

$325M revenue
$29M op. loss



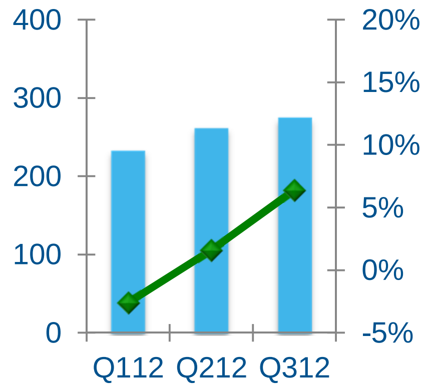
Analog, MEMS & Microcontrollers



$804M revenue
12.6% op. margin

Power Discrete

$275M revenue
6.4% op. margin

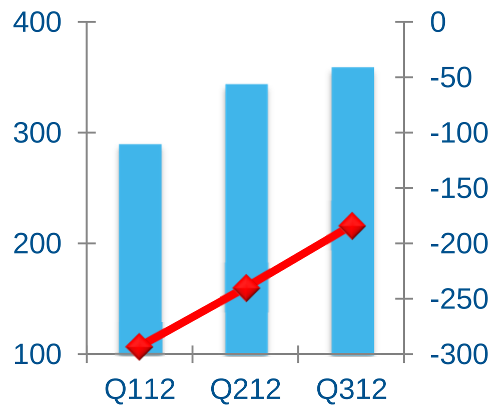


Revenue **Operating Margin ***

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

Wireless Product Segment Performance

- Strong progress during the third quarter. However, the segment's operating loss and negative cash flows remain significant
- Continued ramp of NovaThor™ platforms and revenues of IP licensing
- $690M estimated impairment charge
  - as part of our annual impairment test
  - based upon our assessment of the Wireless segment plan updated in Q312 and the evolving dynamics of the smartphone industry
  - reflects our current best estimate of the fair value of our wireless business



$359M revenue
$184M 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

Q312 Product Highlights

- **STMicroelectronics and Audi co-operation** to accelerate automotive semiconductor innovation: joint focus on driving innovative energy saving, safety and infotainment solutions.
- Collected **multiple design wins** on three continents for **32-bit automotive microcontrollers** that manage critical safety systems in the car, including airbags and vehicle stability control.
- Awarded **a design win** in the power supply for an **Engine Management System** at one of the world’s largest automotive players.

- Important design wins for **an image-improvement processor** chip in multiple smart phones from a leading mobile handset brand.
- Important win for a 40nm **System-on-Chip to power a new series of IP set-top boxes** from one of the largest players in the global market.
- Introduction of **a new, tiny set-top box (STB) chip**, enabling the prospect of smaller, cheaper portable STBs that allow broadcast and OTT (Over-The-Top) multimedia services beyond the confines of end-users home.

Q312 Product Highlights

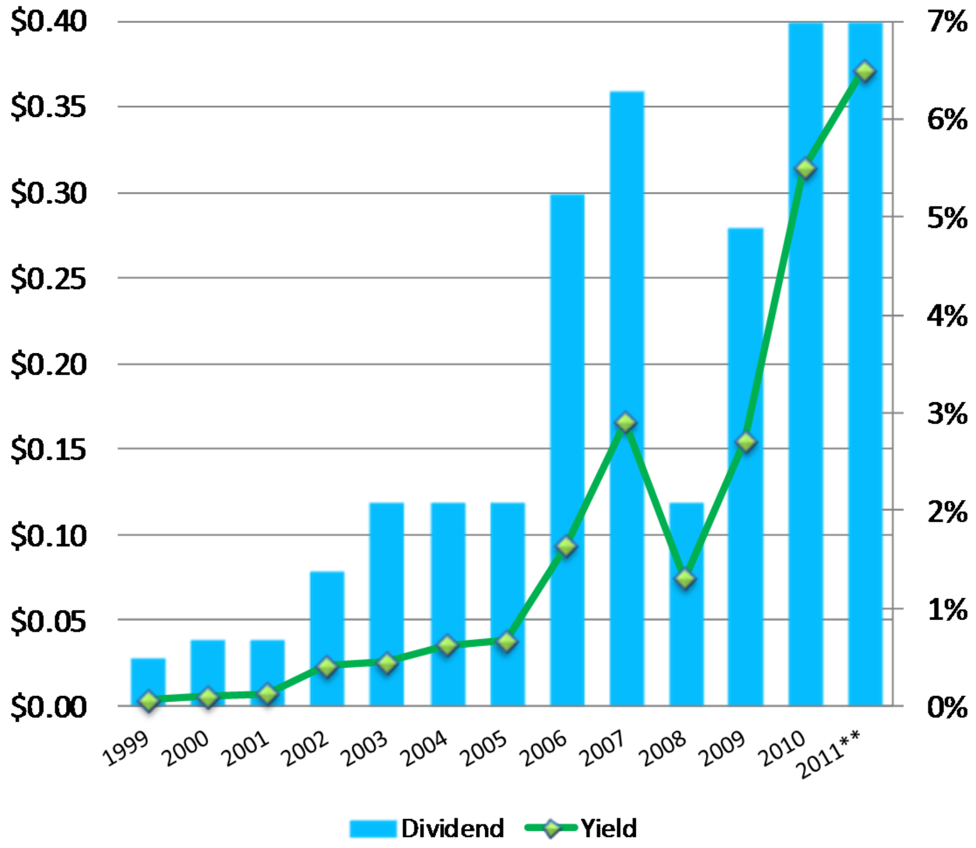
- Entered in the **fast-growing touch-screen market**, by ramping up production of IN-cell touch-control ICs **for Samsung's** latest smartphone.
- Awarded the **microphone socket in a popular tablet** from a major US corporation.
- Awarded the **dual-core gyroscope** by a major mobile vendor to perform **Optical Image Stabilization** in its flagship smartphone.
- Built further **STM32** momentum with important design wins for a **new keyboard** at a major Consumer OEM and **a pedometer/fitness-monitoring device** from a leading US manufacturer.
- Won a slot with a leading **Asian healthcare equipment manufacturer** in a respiratory aid system.

- Revealed **advanced high-voltage power MOSFETs** targeted to emerging eco-design standards and green-energy opportunities.
- Achieved qualification for MOSFETs at a major Japanese car maker for **a DC/DC converter in hybrid electric vehicles.**
- Won a socket for **Intelligent Power Modules** in high-end washing machines at a leading **European household appliance** provider.

Q312 Product Highlights

- **Lenovo LePhone S899t smartphone - designed for China Mobile** - is powered by the ST-Ericsson Nova™ A9500 application processor. This is the first smartphone from Lenovo which is built on ST-Ericsson's dual-core high-performance application processor. In addition to the Nova A9500, ST-Ericsson's CG2900 and CW1100 connectivity solutions were also selected by Lenovo to enable GPS, Bluetooth, FM and Wi-Fi features.
- ANT Wireless, a division of Dynastream Innovations Inc., announced the newest addition to its ANT family of silicon solutions: **the ST-Ericsson CG2905 GNSS/Bluetooth/FM single-chip device** which embeds support of ANT.
- **ST-Ericsson continues to expand cooperation with Chinese manufacturers** on the NovaThor U8500 and its upgraded version, the NovaThor U8520.
- During the quarter, **both the NovaThor L8540 LTE ModAp platform and the FD-SOI (Fully Depleted Silicon-On-Insulator) variant of this product were taped out** and sample wafer fabrication started. Samples of both products are expected to be available during Q4.

Dividend Evolution



- STM dividend yield of ~6.5% 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

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*Source: Bloomberg (October 22, 2012)

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

New Key Programs

Careful Asset Management

Projected Capex for 2012 reduced to $500M

- 2011 Capex was $1.26B

$150M Inventory Reduction Target

- Temporary fab closing
- Repatriation from sub-contractors

New $150M Annual Savings Plan

- At ST level
- Completion by end of 2013

Initiatives to leverage the synergies of our Unified Processing Platform approach announced in April, 2012

Other New Initiatives

including efficiencies in our process technology development model and expenses related to design outsourcing

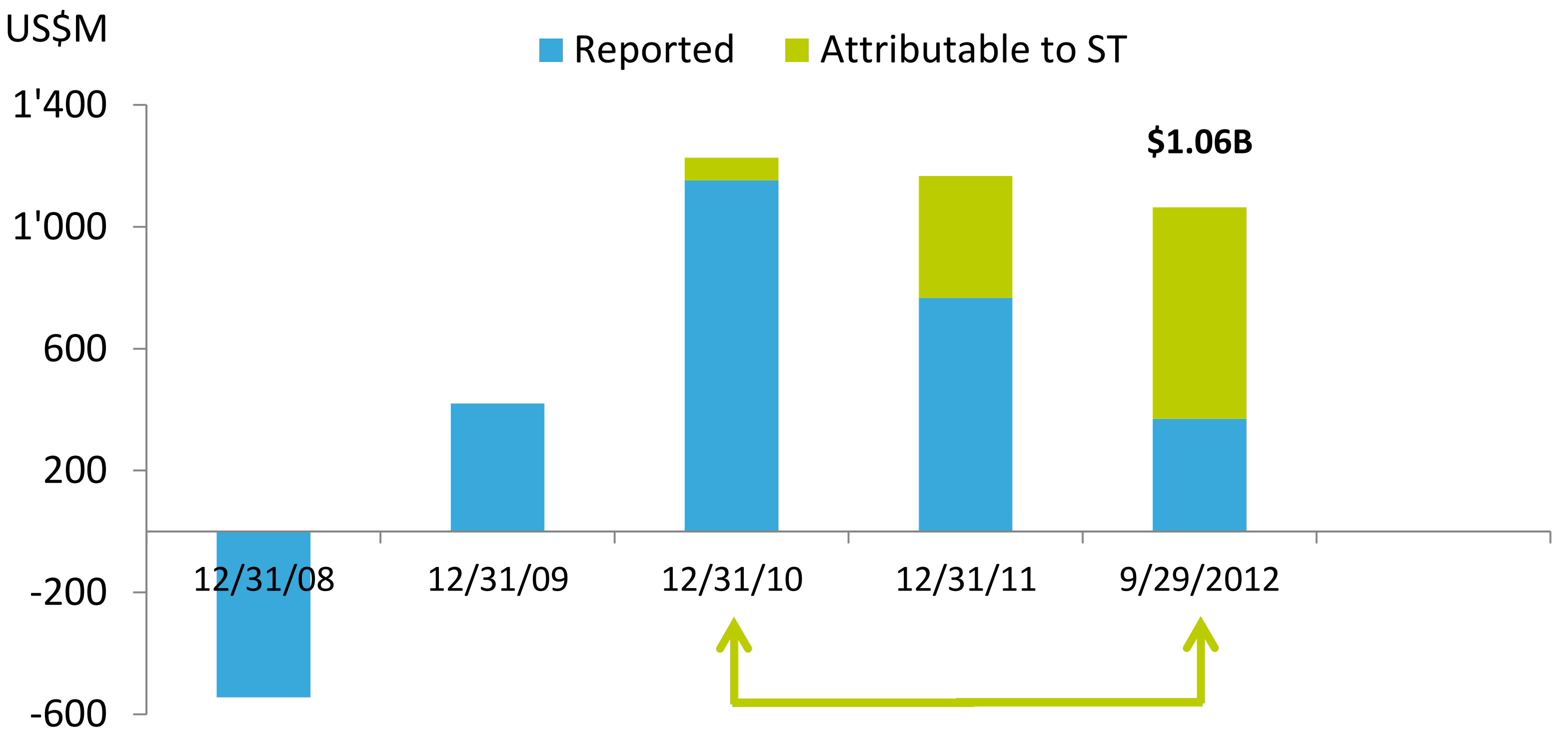
Net Financial Position*

End of period (US$M)	Oct. 1, 2011	June 30, 2012	Sept. 29, 2012
Available Cash and Marketable Securities	2,528	2,065	1,923
Restricted Cash	8	4	4
Total Liquidity	**2,536**	**2,069**	**1,927**
Total Financial Debt**	**(1,709)**	**(1,535)**	**(1,558)**
Net Financial Position	**827**	**534**	**369**
Net Financial Position, adjusted to account for 50% investment in ST-Ericsson	**1,134**	**1,153**	**1,064**

*See appendix

**Includes ST-Ericsson short-term debt to Ericsson of $695M at Sept. 29, 2012, $619M at June 30, 2012, and $307M at Oct. 1, 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 $1.67B of capex…
- …and absorbing our portion of ST-Ericsson investment…
- …redeemed $778M in debt and paid $593M in dividends

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*See appendix

**Includes ST-Ericsson short-term debt to Ericsson of $695M as of September 29, 2012, $400M as Dec. 31, 2011, and $75M as of Dec. 31, 2010.

Q412 Outlook

- *Looking to the fourth quarter, we expect a relatively flat quarter-to-quarter pattern in revenue for the Company, reflecting the weak macro environment which has translated into a decrease of our booking levels*
- *As we have been managing through the difficult wireless business and macro-economic issues this year, our focus has been on maintaining a solid financial position. ST's attributable net financial position exiting 2012 is expected to improve in the fourth quarter and to be stable compared to the end of December, 2011.*
- *Finally, even with the softer macro environment, in the fourth quarter we anticipate strong revenue growth in motion MEMS and environmental sensors and continued progress in microcontrollers.*
- **The Company expects fourth quarter 2012 revenues sequential evolution to be in the range of about -5% to +2%. Reflecting significantly higher unsaturation charges compared to the third quarter, gross margin in the fourth quarter is expected to be about 32.0%, plus or minus 2 percentage points.**

Outlook based on an assumed effective currency exchange rate of approximately $1.30= €1.00 for the 2012 fourth quarter and includes the impact of existing hedging contracts.
The fourth quarter will close on December 31, 2012.

Appendix

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Pre-Tax Items to Adjusted Earnings*

OPERATING RESULT

NET EARNINGS

In US$M	**Q311**	**Q212**	**Q312**
U.S. GAAP Net Earnings	**71**	**(75)**	**(478)**
Impairment & Restructuring Charges (attributable to Parent Company's shareholders)**	7	28	**456**
Estimated Income Tax effect of Adjustment	7	-	**(7)**
Adjusted Net Earnings*	**85**	**(47)**	**(29)**

* See appendix

** Total Impairment & Restructuring Charges were $10M in Q311, $56M in Q212 and $713M in Q312

ST Product Segments (New Perimeter)

Revenues:	Q111	Q211	Q311	Q411	FY11	Q112	Q212	Q312
Automotive (APG)	433	459	404	383	1,678	391	404	391
Digital	488	521	442	388	1,838	336	353	325
Analog, MEMS & Microcontrollers (AMM)	886	889	856	747	3,377	758	774	804
Power Discrete (PDP)	333	337	316	253	1,240	233	262	275
Wireless	384	347	412	409	1,552	290	344	359
Operating Income:								
Automotive (APG)	60	81	46	41	227	37	38	34
Digital	45	34	20	9	107	(38)	(36)	(29)
Analog, MEMS & Microcontrollers (AMM)	177	166	147	116	606	99	98	101
Power Discrete (PDP)	50	40	33	16	139	(6)	4	18
Wireless	(180)	(207)	(215)	(211)	(813)	(293)	(240)	(184)

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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**

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