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:

- Uncertain macro-economic and industry trends;
- Customer demand and acceptance for the products which we design, manufacture and sell;
- Unanticipated events or circumstances, which may either 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;
- The loading and the 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;
- 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;
- 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;
- The outcome of ongoing litigation as well as the impact of any new litigation to which we may become a defendant;
- 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, or other supplies required by our operations.

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, 2014, as filed with the SEC on March 3, 2015. 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.
A global semiconductor leader
2014 revenues of $7.40B
Approximately 43,600 employees worldwide
Approximately 8,700 people working in R&D
11 manufacturing sites
Listed on New York Stock Exchange, Euronext Paris and Borsa Italiana, Milano

As of December 31, 2014
1Q15 Highlights

• Net revenues of $1.71 billion
  • Seasonal softness
  • Also affected by anticipated currency impact on the portion of our Euro-denominated revenues and by lower sales of components for PC applications

• Gross margin of 33.2%
  • Well aligned with guidance although revenue came in lower than the midpoint of our guidance

• Free cash flow of $41 million

• Stable cash dividend of $0.40 per share payable in equal quarterly installments
  • To be proposed to the 2015 Annual General Meeting of Shareholders

As expected, the start of the year reflected seasonal softness
2015 Product Segments

- **Sense & Power and Automotive Products (SP&A)**
  - Analog, MEMS & Sensors (AMS)
  - Automotive Product Group (APG)
  - Industrial & Power Discrete (IPD)

- **Embedded Processing Solutions (EPS)**
  - Digital Product Group (DPG)*
  - Microcontroller, Memory & Secure MCU (MMS)

* Includes legacy ST-Ericsson products
Well Balanced Product Portfolio

1Q15 Revenues by Product Group

- Automotive Product Group (APG) 26%
- Analog, MEMS & Sensors (AMS) 15%
- Digital Product Group (DPG)* 12%
- Microcontroller, Memory & Secure MCU (MMS) 22%
- Industrial & Power Discrete (IPD) 25%
- EPS

* Includes legacy ST-Ericsson products
1Q15 Revenues = $1.71B

1Q15 down 6.8% sequentially
- Slightly better than ST’s usual seasonality
- Also reflecting the impact of US$ strengthening on Euro-denominated revenues (about 15% of revenues) and lower than anticipated sales for PC applications

1Q15 down 6.6% y-o-y
- Down 3.6% excluding ST-Ericsson legacy products and one-time $15M payment to ST from a patent settlement
- MMS led the product lines, up 8%
# Financial Performance

*In US$M, except EPS*

<table>
<thead>
<tr>
<th></th>
<th>1Q14</th>
<th>4Q14</th>
<th>1Q15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenues</strong></td>
<td>1,825</td>
<td>1,829</td>
<td>1,705</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>32.8%</td>
<td>33.8%</td>
<td>33.2%</td>
</tr>
<tr>
<td><strong>Operating Income (Loss) before impairment, restructuring</strong></td>
<td>8</td>
<td>58</td>
<td>10</td>
</tr>
<tr>
<td><strong>Operating Margin before impairment, restructuring</strong></td>
<td>0.4%</td>
<td>3.2%</td>
<td>0.6%</td>
</tr>
<tr>
<td><strong>Net Income – Reported</strong></td>
<td>(24)</td>
<td>43</td>
<td>(22)</td>
</tr>
<tr>
<td><strong>EPS Diluted</strong></td>
<td>(0.03)</td>
<td>0.05</td>
<td>(0.03)</td>
</tr>
<tr>
<td><strong>Adjusted EPS Diluted</strong></td>
<td>(0.01)</td>
<td>0.07</td>
<td>0.01</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>(51)</td>
<td>208</td>
<td>41</td>
</tr>
<tr>
<td><strong>Net Financial Position</strong></td>
<td>612</td>
<td>550</td>
<td>512</td>
</tr>
<tr>
<td><strong>Effective Exchange Rate €/$</strong></td>
<td>1.35</td>
<td>1.29</td>
<td>1.23</td>
</tr>
</tbody>
</table>

*See appendix*
ST Gross Margin

1Q15 Gross Margin = 33.2%

**Up 40 basis points y-o-y**
- Manufacturing efficiencies and favorable currency effect
- Partially offset by price pressure and unused capacity charges (up 80 basis points)

**Down 60 basis points sequentially**
- Mainly due to price pressure
- Partially offset by favorable currency effect

**Q115 unused capacity charges: 110 basis points**
- Negative impact largely related to digital technology
ST Operating Expenses

Net Operating Expenses*

1Q15 combined SG&A and R&D at $591M
- Down 3.3% sequentially due to favorable currency effects and lower number of days in the quarter
- Down $15M y-o-y due to favorable currency effect
- $555M net of R&D grants

Quarterly net operating expenses target in the range of about $550M to $600M

* Net Operating Expenses: R&D + SG&A – recurring R&D grants
1Q15 Revenues = $1,119M

- Down 6.0% y-o-y on lower AMS sales
- Down 3.9% sequentially mainly due to lower IPD sales related to power supply components for PC applications

1Q15 Operating Margin = 6.4%

- Down mainly due to lower revenues

From January 1, 2015, unused capacity charges have been allocated to the associated product segments. Comparative numbers have been restated accordingly.
Embedded Processing Solutions

1Q15 Revenues = $581M
- Mixed results with strong y-o-y growth for MMS (up 8%) more than offset by the decrease of ST-Ericsson legacy products and lower DPG revenues
- Down 7.4% y-o-y and 12.0% sequentially

1Q15 Operating Losses = $64M
- Cost savings program on track
- Solid profitability in MMS
- DPG not profitable

End of our participation in the IBM Technology Development Alliance
- As anticipated, at the end of 2Q15

From January 1, 2015, unused capacity charges have been allocated to the associated product segments. Comparative numbers have been restated accordingly.

* Effective January 1, 2015, the Digital Convergence Group (DCG) and the Imaging, Bi-CMOS and Silicon Photonics Group (IBP) were combined under one single organization, Digital Product Group (DPG)
Currency Exposure

- About 14% of total revenues Euro-denominated
  - Quarterly effect of ±1% change (€ / $) is ~ ±$2.5M

- Quarterly effect of ±1% change (€ / $) to cost, before short term impact on revenues
  - ±$4M to $5M on cost of goods sold
  - ±$3M to $3.5M on net operating expenses
  - ±$7M to $8.5M on total costs

Percent of € exposure of cost hedged at resulting effective € / $ rate **

1Q16 ~ 20% at 1.11
4Q15 ~ 30% at 1.12
3Q15 ~ 50% at 1.14
2Q15 ~ 70% at 1.16

* Euro (€) includes currencies such as MAD
** Effective rate estimated based on outstanding hedges as of April 29, 2015; assumes €/$ at 1.1002 ECB April 29, 2015
Sense, Power and Automotive
1Q15 Product Highlights (1/2)

AUTOMOTIVE

- Design awards for latest-generation car-radio processor with important manufacturers in Korea and Greater China
- Car audio: First socket with an important Korean consumer brand for the European market and award for a class D car-audio amplifier with Japanese consumer supplier
- Microcontroller: Awarded the socket for an e-bike from a key European Tier 1 and captured multiple mass-market awards in Europe and China for the SPC5 family of MCUs
- Earned additional sockets for a next-generation Advanced Driver Assistance System with a major European carmaker

POWER AND SMARTPOWER

- Ramped production of AMOLED driver for latest Samsung Galaxy smartphones
- Continued traction with RF Integrated Passive Devices for smartphone- and IoT-related applications with leading global brands
- Power transistors: Several design wins for low-voltage MOSFETs in a Power Supply for game-console applications - Win for high-voltage IGBTs for an induction-heating application with a major Chinese customer - Secured sockets for high-voltage MOSFETs in Ultra-High-Definition-Display applications from leading manufacturer in Korea;
- Power conversion: Revealed, with Flextronics, world’s first plug-in charger platform with zero no-load power consumption - Earned wins for energy-saving high-voltage power converters (VIPerPlus) from several mass-market customers in Greater China;
MEMS AND SENSORS

• Ramped production of our touch-screen controller and barometer for latest Samsung Galaxy smartphones
• Adoption of control devices and micro-mirrors for Perceptual Computing initiatives at Intel
• Delivered in high volume, high-performance analog microphone to a leading smartphone brand
• Ramped production of ultra-low-power 6-axis motion sensor for a wearable application from a global brand
• Began ramping production of 6-axis ultra-low-power MEMS accelerometer and gyroscopes for Samsung Galaxy smartphones
• Started production ramp for several inertial sensors in car-navigation and telematics applications in Korea, Europe and the US
Embedded Processing Solutions
1Q15 Product Highlights

**MICROCONTROLLERS**

- Ramped production of **STM32** for latest **Samsung Galaxy** smartphones
- Earned important wins for **STM32** in a **Bluetooth-connected accessory** for tablets and for two STM32s in the **high-end fitness band** at key global OEMs
- Joined with **ams** to launch breakthrough reference design for **secure contactless NFC transactions and mobile payments** in phones and wearables with tiny antennas;
- Captured **NFC Tag** in a next-generation headset at a major audio-equipment OEM

**DIGITAL**

- Began delivering to a European customer the latest Ultra-HDp60 quad-core **Cannes and Monaco-family** systems-on-chip ICs;
## Financial Flexibility

### End of period (US$M)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liquidity</strong></td>
<td>2,287</td>
<td>2,351</td>
<td>1,745</td>
</tr>
<tr>
<td>Short term debt</td>
<td>(200)</td>
<td>(202)</td>
<td>(225)</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>(1,575)</td>
<td>(1,599)</td>
<td>(908)</td>
</tr>
<tr>
<td><strong>Total Financial Debt</strong></td>
<td>(1,775)</td>
<td>(1,801)</td>
<td>(1,133)</td>
</tr>
<tr>
<td><strong>Net Financial Position</strong></td>
<td>512</td>
<td>550</td>
<td>612</td>
</tr>
</tbody>
</table>

### Maintaining a Strong Capital Structure

- $41M Free Cash Flow after $89M Capital Expenditures in 1Q15
- $82M dividends paid in 1Q15
- $512M Net Cash Balance at the end of March 2015
- $561M available credit facilities undrawn
- USD $0.40 per share annual dividend declared payable in equal quarterly installments

*See appendix*
In 2Q15, we expect to increase our revenues by about 3.5% sequentially, with most of our product groups contributing. Gross margin is anticipated to increase by about 60 basis points to 33.8%, including existing hedging contracts significantly mitigating the positive impact from currency.

- 2Q15 revenues are expected to increase about 3.5% on a sequential basis, plus or minus 3.5 percentage points.
- 2Q15 gross margin is expected to be about 33.8%, plus or minus 2.0 percentage points.

Outlook based on an assumed effective currency exchange rate of approximately $1.16 = €1.00 for 2Q15 and includes the impact of existing hedging contracts. 2Q15 will close on June 27, 2015.
Appendix
## Pre-Tax Items to Adjusted Earnings*

<table>
<thead>
<tr>
<th>NET EARNINGS</th>
<th>1Q14</th>
<th>4Q14</th>
<th>1Q15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Result</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>In US$M</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. GAAP Net Earnings</td>
<td>(24)</td>
<td>43</td>
<td>(22)</td>
</tr>
<tr>
<td>Impairment &amp; Restructuring Charges</td>
<td>12</td>
<td>20</td>
<td>29</td>
</tr>
<tr>
<td>Estimated Income Tax Effect</td>
<td>(1)</td>
<td>(2)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Adjusted Net Earnings</strong></td>
<td>(13)</td>
<td>61</td>
<td>6</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 proceeds from the sale of marketable securities 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** 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.