STMicroelectronics
2Q 2015 Financial Results

July 23, 2015

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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 anticipated by such statements, due to, among other factors:

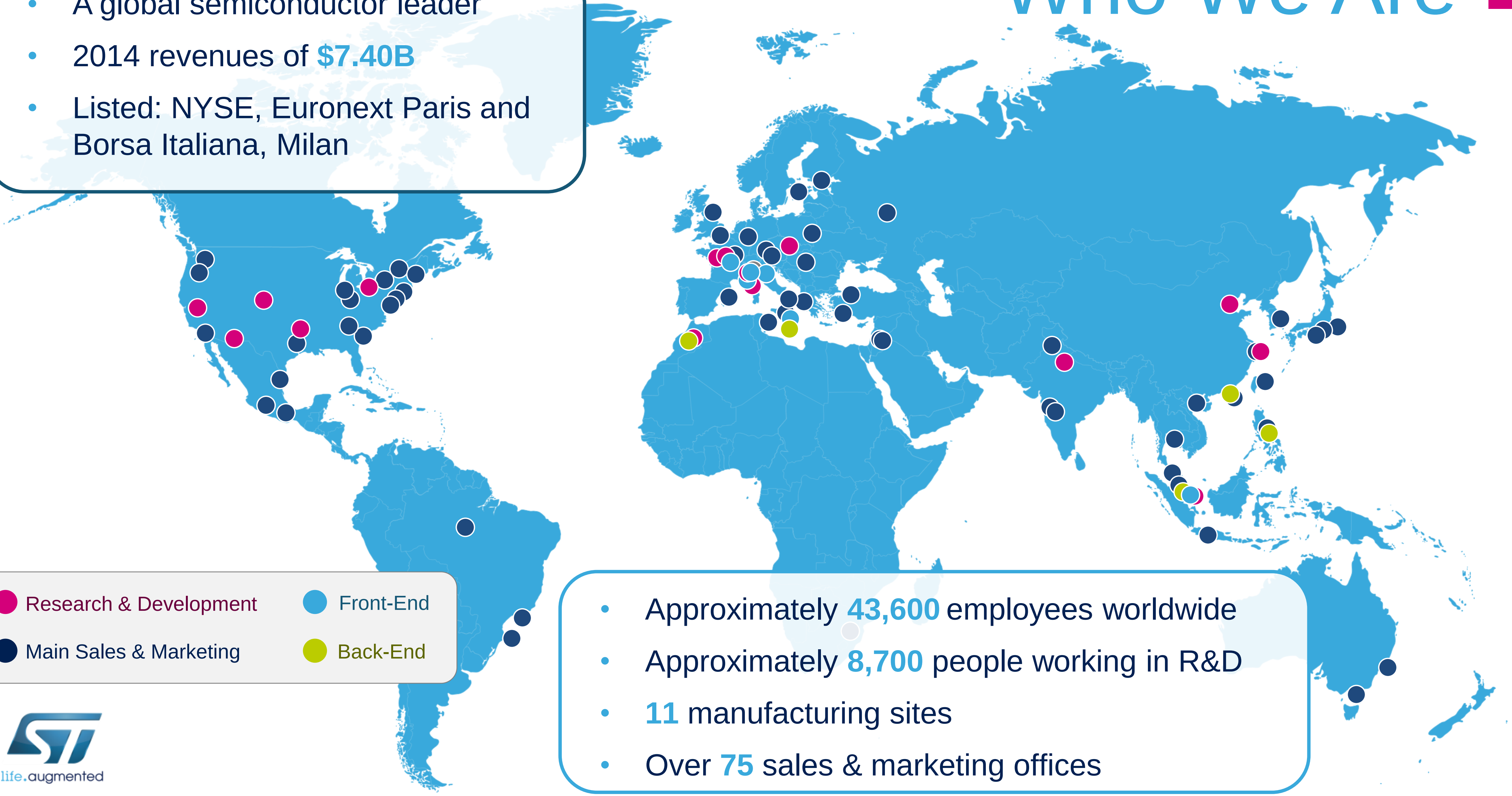
- *Uncertain macro-economic and industry trends;*
- *Customer demand and acceptance for the products which we design, manufacture and sell;*
- *Unanticipated events or circumstances, which may either impact our ability to execute the planned reductions in our net operating expenses and / or meet the 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;*
- *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.*

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.

Who We Are

- A global semiconductor leader
- 2014 revenues of **$7.40B**
- Listed: NYSE, Euronext Paris and Borsa Italiana, Milan



- Approximately **43,600** employees worldwide
- Approximately **8,700** people working in R&D
- **11** manufacturing sites
- Over **75** sales & marketing offices

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2Q15 Highlights

- Net revenues of $1.76 billion, up 3.2% sequentially
  - Most of the product groups posted sequential growth
  - DPG net revenues flat sequentially
- Distribution channel sales increased to 33% of net revenues
- Gross margin of 33.8%
  - Up 60 basis points sequentially
  - Mostly reflecting favorable currency effect, product mix and lower unused capacity charges
- Clean EPS of $0.06
- Free cash flow of $53 million
  - Positive swing of $244 million to $94 million in 1H15

2Q15 performance substantially in line with our expectations in terms of revenues, gross margin, operating margin and free cash flow generation

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2015 Product Segments

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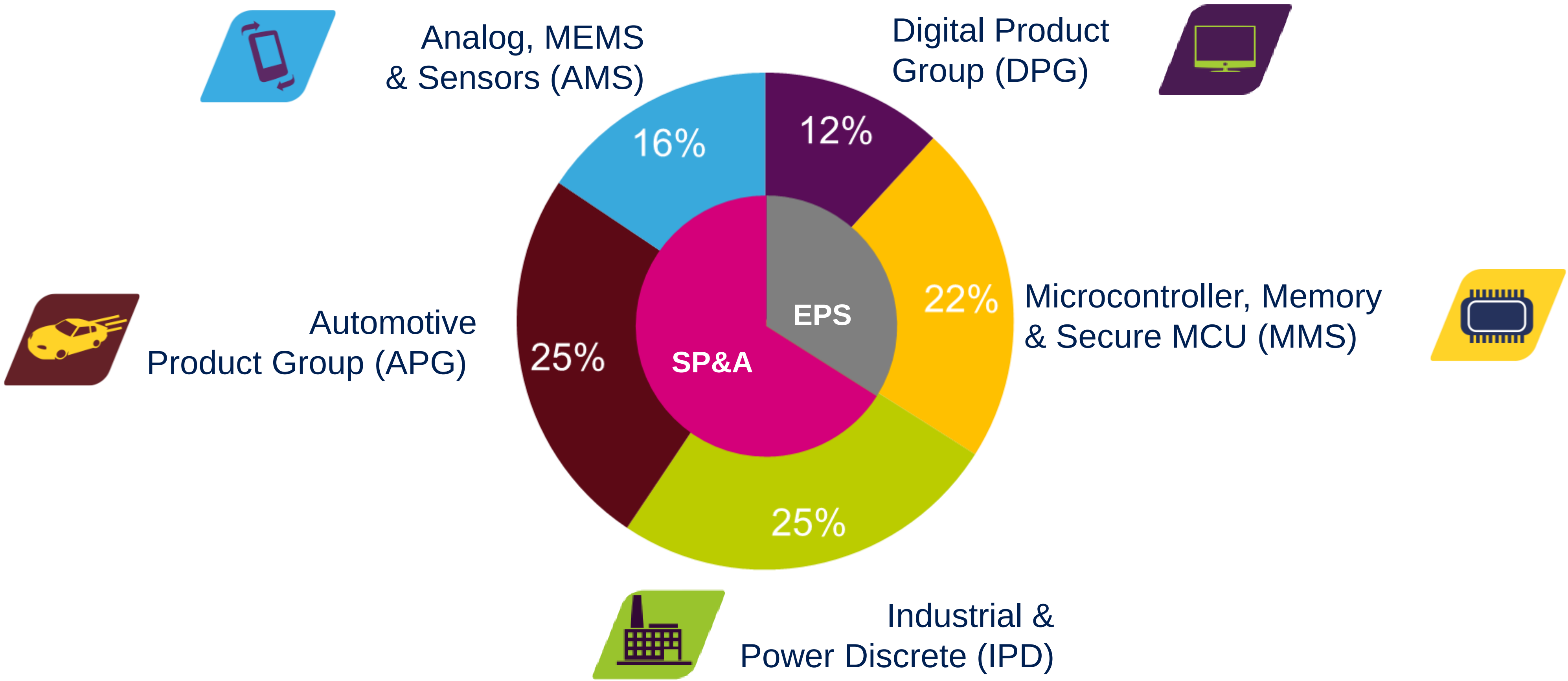
Sense & Power and Automotive Products (SP&A)

- 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)

2Q15 Revenues by Product Group



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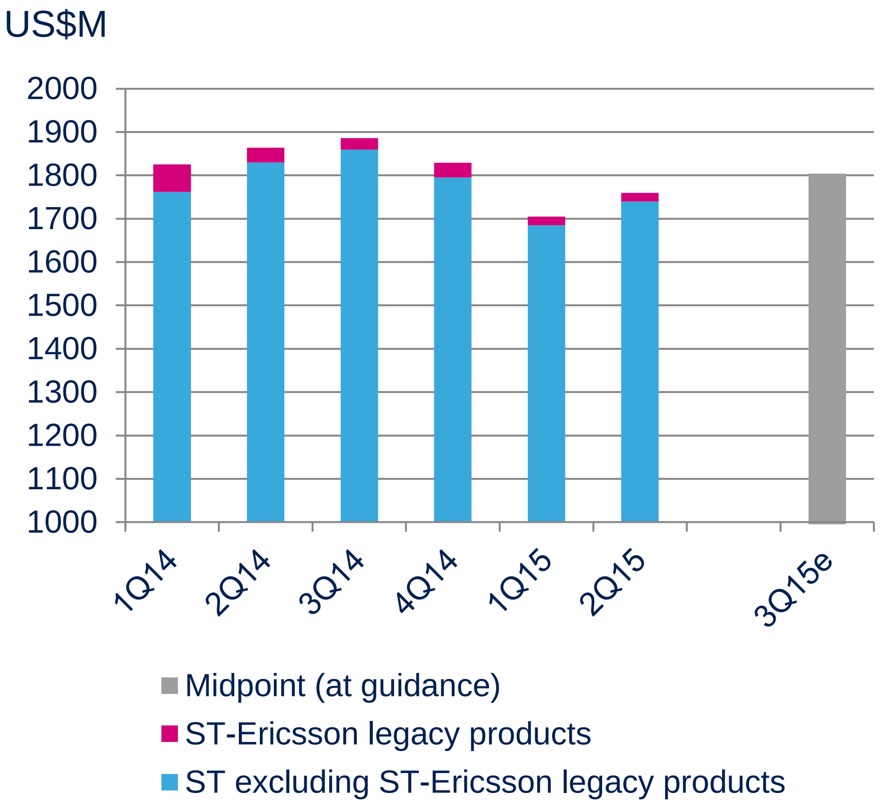
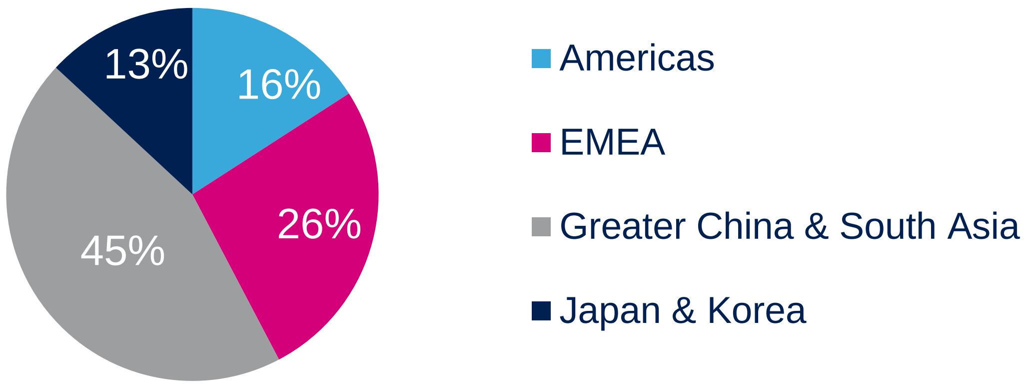
Revenue Evolution

2Q15 Revenues = $1.76B





2Q15 up 3.2% sequentially

- Most product groups growing: AMS up 7.0%, IPD up 4.2%, MMS up 3.8%, APG up 1.0%
- DPG revenues flat

2Q15 down 5.6% y-o-y, including $66M currency impact

2Q15 down 1.1% y-o-y, excluding negative currency effect and mobile legacy products

- Growth in AMS and MMS, and APG flat
- SP&A up about 1%, MMS up 1.4%

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Financial Performance

In US$M, except EPS	2Q14	1Q15	2Q15	1H14	1H15
Net Revenues	**1,864**	**1,705**	**1,760**	**3,689**	**3,465**
Gross Margin	**34.0%***	**33.2%**	**33.8%**	**33.4%**	**33.5%**
Operating Income (Loss) before impairment, restructuring**	**118***	**10**	**33**	**125**	**43**
Operating Margin before impairment, restructuring**	**6.3%**	**0.6%**	**1.9%**	**3.4%**	**1.2%**
Net Income – Reported	**38**	**(22)**	**35**	**14**	**12**
EPS Diluted	**0.04**	**(0.03)**	**0.04**	**0.02**	**0.01**
Adjusted EPS Diluted**	**0.11**	**0.01**	**0.06**	**0.10**	**0.07**
Free Cash Flow**	**(99)**	**41**	**53**	**(151)**	**94**
Net Financial Position	**423**	**512**	**459**	**423**	**459**
Effective Exchange Rate €/$	**1.36**	**1.23**	**1.17**	**1.36**	**1.20**

* Includes Nano2017 catch-up: the European Union approved the funding for the Nano2017 R&D program for the period 2013 to 2017 in June 2014; as a consequence, we recorded in 2Q14 $116 million for grants related to prior periods (including 90 bps impact in gross margin)

**See appendix

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Gross Margin Progress

2Q15 Gross Margin = 33.8%

Up 60 basis points sequentially

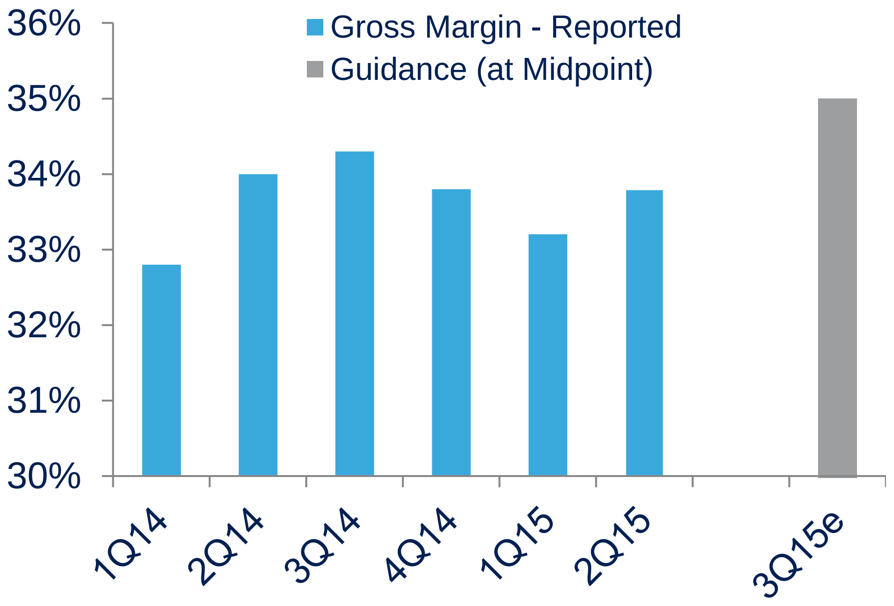
- Mostly reflecting favorable currency effect, product mix and lower unused capacity charges

Down 20 basis points year-over-year

- Mainly due to price pressure and 90 basis points related to the catch-up from previous periods of industrialization funding in 2Q14
- Partially offset by favorable currency effect and manufacturing efficiencies

2Q15 unused capacity charges: ~50 basis points

- Negative impact largely related to 300mm fab



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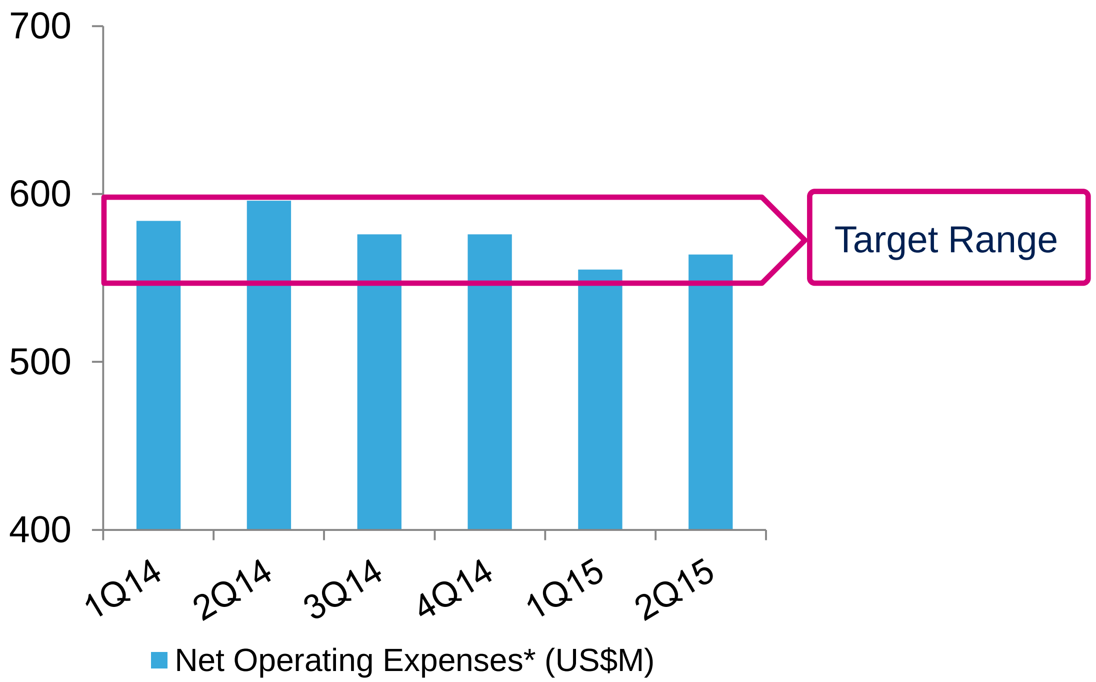
Net Operating Expenses on Target

Net Operating Expenses*

2Q15 combined SG&A and R&D at $599M

- Up 1.4% sequentially
  - Higher number of days in the quarter and one-time R&D expenses partially offset by favorable currency effect and the initial savings from the EPS restructuring plan
- Down $27M y-o-y
- $564M net of R&D grants
- EPS cost reduction plan announced in October 2014 will be completed in July 2015
  - ~50% of target savings in 2Q15 actual

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



* Net Operating Expenses: R&D + SG&A – recurring R&D grants

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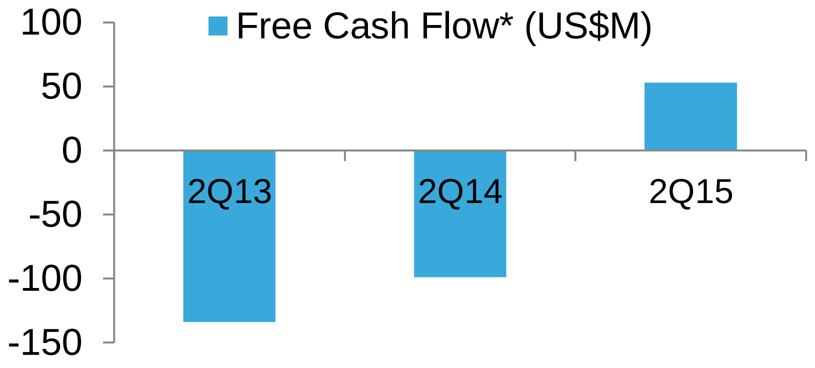
Financial Flexibility

End of period (US$M)	Jun 27 2015	Mar 28 2015	Jun 28 2014
Total Liquidity	**2,241**	**2,287**	**1,553**
Short term debt	(201)	(200)	(225)
Long-term debt	(1,581)	(1,575)	(905)
Total Financial Debt	**(1,782)**	**(1,775)**	**(1,130)**
Net Financial Position*	**459**	**512**	**423**



Maintaining a Strong Capital Structure

- $53M Free Cash Flow after $161M Capital Expenditures in 2Q15
- $93M dividends paid in 2Q15
- $568M available credit facilities undrawn

*See appendix

Sense, Power and Automotive
2Q15 Product Highlights (1/2)

AUTOMOTIVE

- **Active Safety**: Added 3 car makers and 9 car platforms to the design wins with the Mobileye **EyeQ3®** for production starting this year
- **32-bit Microcontroller:** design win with a global leader for a body-control module for a European car manufacturer and from US manufacturer for a GPS module for a US automotive manufacturer
- Gained a socket for **Accordo2** (fully integrated audio subsystem) with a large Chinese supplier for a telematics box and from a global automotive parts supply company for a connected radio
- Multiple design wins for **Teseo II** and **Teseo III** in China, other emerging markets, and in the mass market

POWER AND SMARTPOWER

- Awarded sockets for the **gapDRIVE** family on a new platform in a major Italian system manufacturer for a market-leading car maker
- Announced **1200V IGBTs** that are the industry's best low-frequency performers
- Won multiple designs for 16-channel **LED driver** for panel displays with an important Americas Region designer and manufacturer of digital (LED) displays for the out-of-home industry
- Ramped production of AMOLED converters for latest smartphones of major Chinese smartphone makers

Sense, Power and Automotive
2Q15 Product Highlights (2/2)

MEMS AND SENSORS

- Ramped production of **6-axis ultra-low-power MEMS accelerometer and gyroscopes** for **Samsung Galaxy** smartphones
- Shipped **6-axis sensor** for a **top smart watch** to a major manufacturer
- Ramped volume production of **MEMS micro-mirrors** for a top global consumer and computer manufacturer
- Achieved first volume deliveries of **BlueNRG** very-low power Bluetooth Low Energy processor, in **key fitness applications** from leading brands
- Gained design-win for **UV sensor** in a **wristband project** from top global brand

Embedded Processing Solutions
2Q15 Product Highlights

MICROCONTROLLERS

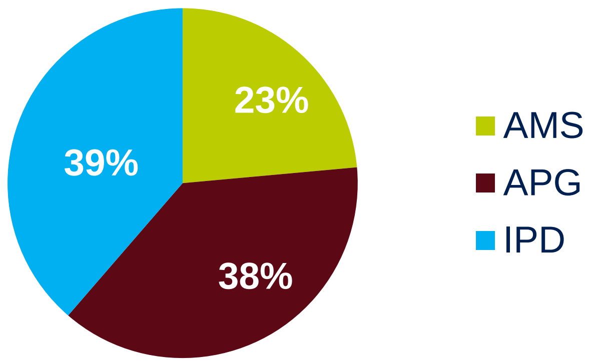
- Several design wins for the **STM32 ultra-low-power family** in mobile phone, fitness, healthcare and industrial markets
- Delivered **STM32F7,** the **first-to-market microcontrollers** featuring advanced **ARM® Cortex®-M7 Core**
- Earned a win for a **secure MCU** in a **major ID project in Asia**
- Began ramping **EEPROM** for a major smartphone OEM

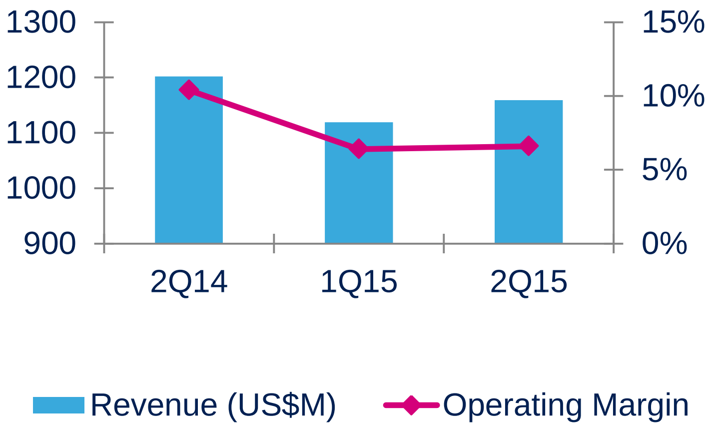
DIGITAL

- **Canal+ market deployment** of Technicolor’s innovative Hybrid Over-the-Top/HD broadcast set-top box based on **Cannes SoC family**
- Multiple design-wins for **Time-of-Flight** photonic sensor, at several **leading Asian smart-phone** manufacturers, with more than10 phone models available

Sense, Power and Automotive

2Q15 Revenues





* See appendix

2Q15 Revenues = $1,159M

- Up 3.6% sequentially driven by MEMS and Microfluidics in AMS, discrete and power transistor products for mobile and industrial in IPD and microcontrollers and infotainment in APG
- Down 3.6% y-o-y as growth in AMS was offset by IPD, reflecting market conditions, and APG, reflecting currency effects

2Q15 Operating Margin* = 6.6%

- Compared to 2Q14, excluding the Nano2017 catch-up in 2Q14, the SP&A margin decreased principally due to lower revenues

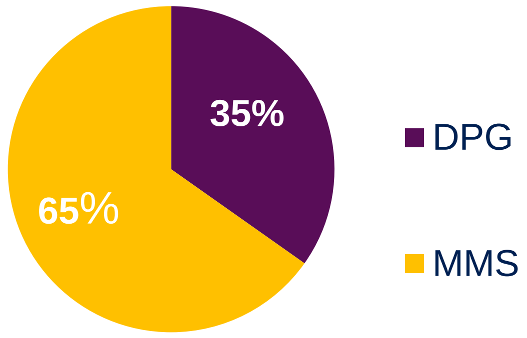
Operating Margin Mid-term Targets

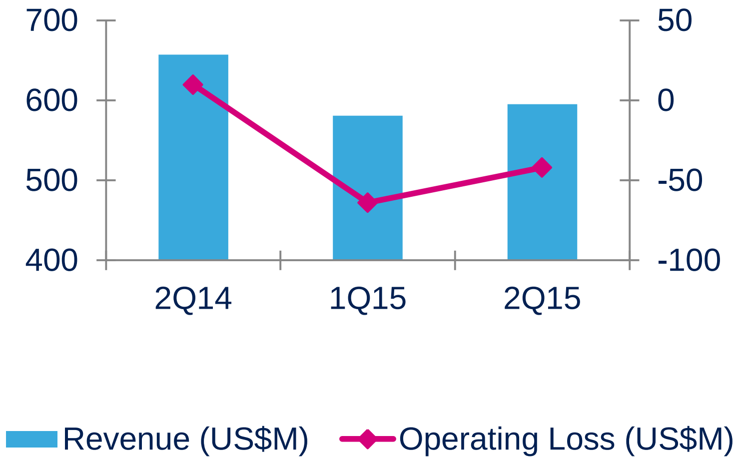
SP&A about 10-15%

IPD from about 10% to mid-teens
APG from about 10% to mid-teens
AMS from a few points to high single-digit

Embedded Processing Solutions

2Q15 Revenues





2Q15 Revenues* = $595M

- Up 2.4% sequentially driven by General Purpose MCUs in MMS and ASIC products in DPG
- Down 9.3% y-o-y mainly due to ST-Ericsson and set-top box legacy products and commodity camera modules

2Q15 Operating Loss* = $42M

- Improved by $22M sequentially driven by product mix, lower unused capacity charges and favorable currency effects
- Excluding the Nano2017 catch-up in 2Q14, improved by $45M y-o-y due to reduction of DPG losses and margin expansion in MMS

Operating Margin Mid-term Targets

EPS about 5%

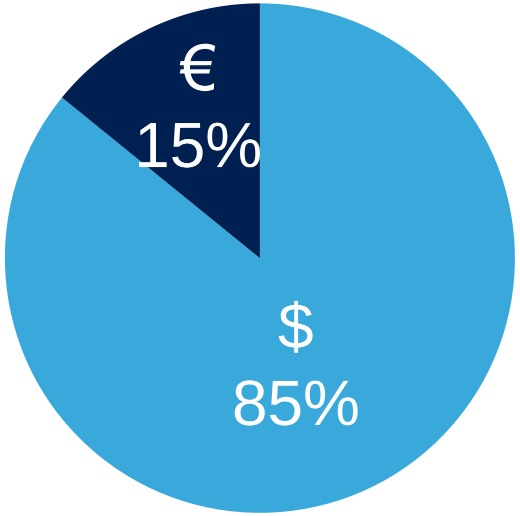
MMS maintaining mid/high-teens
DPG to fix current losses

* See appendix

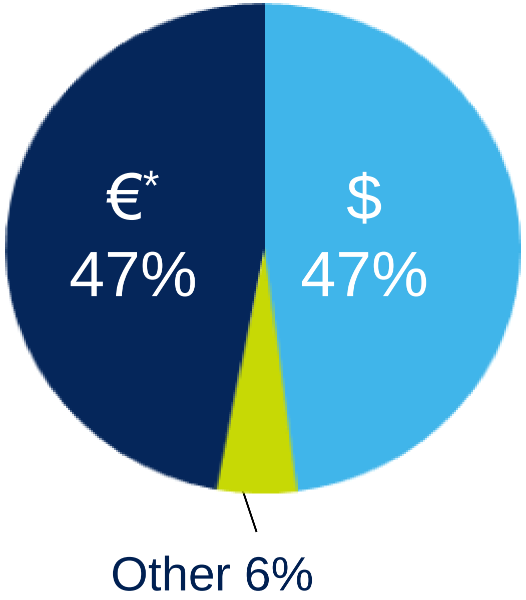
Currency Impact Net of Hedging

(Estimated at current €/$ rate of ~1.10)

Revenues



~Total Costs (COGS+OpEx)



Gross Margin

- Q215 to Q415 evolution: ~100 to 150 basis points
- Full impact*:~150 to 180 basis points

Operating Margin

- Q215 to Q415 evolution: ~200 to 250 basis points
- Full impact*:~300 basis points

* Q415 estimation includes hedging in Q415 – Full impact will be visible in 2016 after roll-over of hedging

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3Q15 Outlook

- **Based upon our visibility and mixed market conditions, including weaker demand in components for PC applications and the economic environment in China, in the third quarter we anticipate revenues to grow sequentially by about 2.5% at the midpoint**
- **We remain committed to our priorities to accelerate revenue growth and improve operating margins, and we continue to explore options for our Digital Product Group**
- 3Q15 revenues are expected to increase about 2.5% on a sequential basis, plus or minus 3.5 percentage points
- 3Q15 gross margin is expected to be about 35%, plus or minus 2.0 percentage points

Outlook based on an assumed effective currency exchange rate of approximately $1.16= €1.00 for 3Q15 and includes the impact of existing hedging contracts. 3Q15 will close on September 26, 2015

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Appendix

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Pre-Tax Items to Adjusted Earnings*

OPERATING RESULT

NET EARNINGS

In US$M	2Q14	1Q15	2Q15
U.S. GAAP Net Earnings	**38**	**(22)**	**35**
Impairment & Restructuring	**20**	**29**	**21**
Loss on equity-method investments (3Sun)	**44**	**-**	**-**
Estimated Income Tax Effect	**-**	**(1)**	**(1)**
Adjusted Net Earnings*	**102**	**6**	**55**

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* See appendix

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

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

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

- From 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)**