



STMicroelectronics announces a new strategic plan

December 10th, 2012

Forward Looking Statements

- *This presentation contains 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).*
- *These statements include expectations regarding our new strategic plan, including expected benefits, future financial and operating results and other statements regarding events or developments that we believe or anticipate will or may occur in the future. These statements 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 the forward looking statements contained in this presentation.*
- *Such risks and uncertainties include the continuing difficult macro-economic and industry conditions and trends in the semiconductor sector and the other risks detailed in our filings with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially which could have a material adverse effect on our business and/or financial condition. We do not intend, and do not assume any obligation, to update any forward looking statements set forth in this presentation.*



A new, more focused ST

Carlo Bozotti

President & CEO

December 10th, 2012

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

ST's new strategy: Leadership in...

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life.augmented

Sense & Power
and Automotive
Products



Embedded
Processing
Solutions



Addressing a \$140 billion market, ST gaining share

Large, attractive markets where we lead or will lead

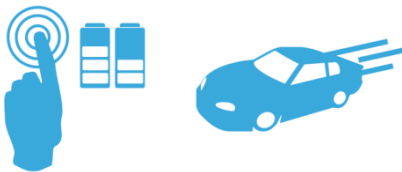
2013 – ST SAM \$140B

CAGR '12-'15: +4.8%



\$73B

Sense & Power
and Automotive
Products



CAGR '12-'15: +4.4%



\$67B

Embedded
Processing
Solutions



A strong, more focused product portfolio 7



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



A strong, more focused Sales & Marketing



A new, more focused ST

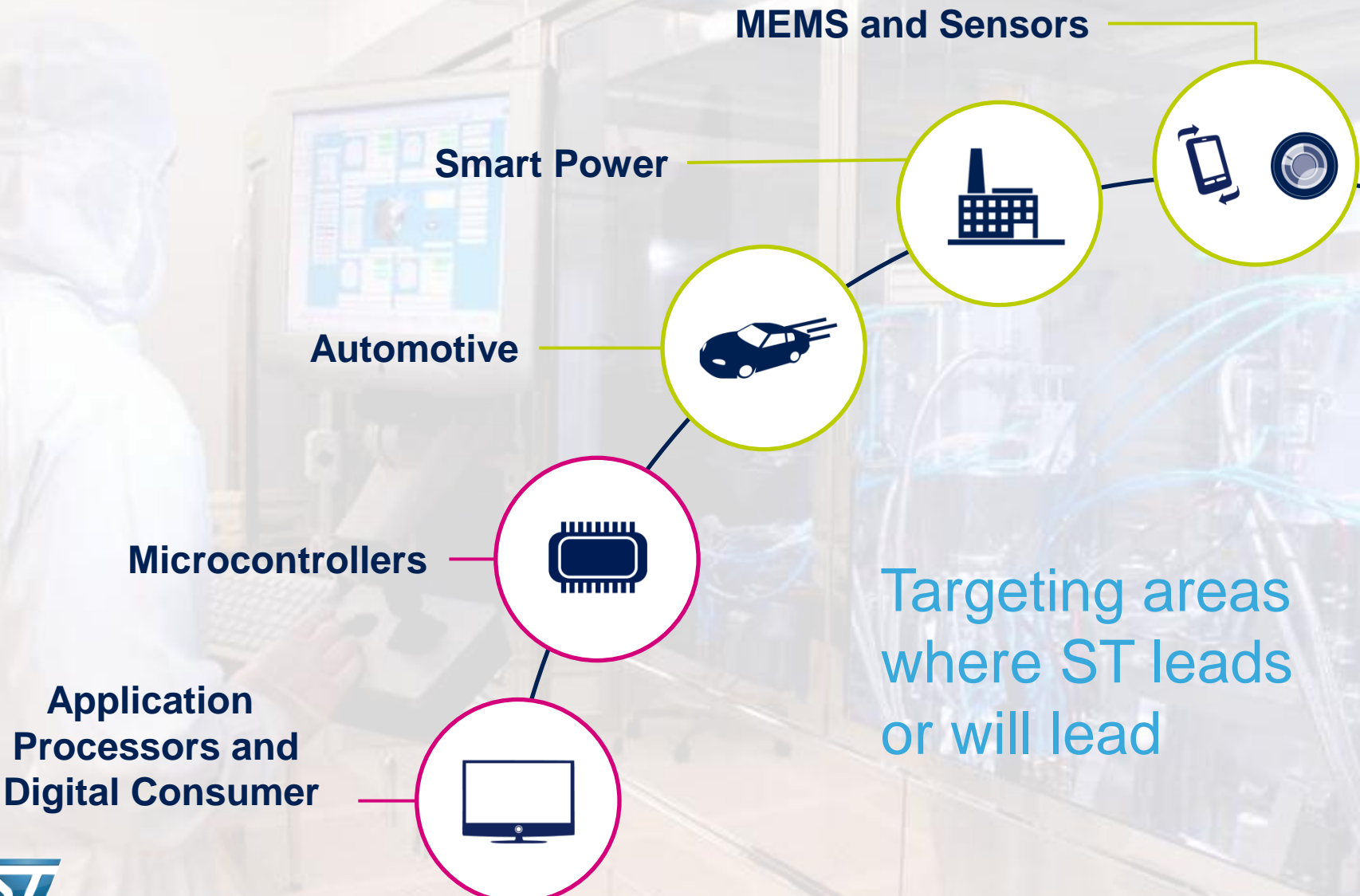
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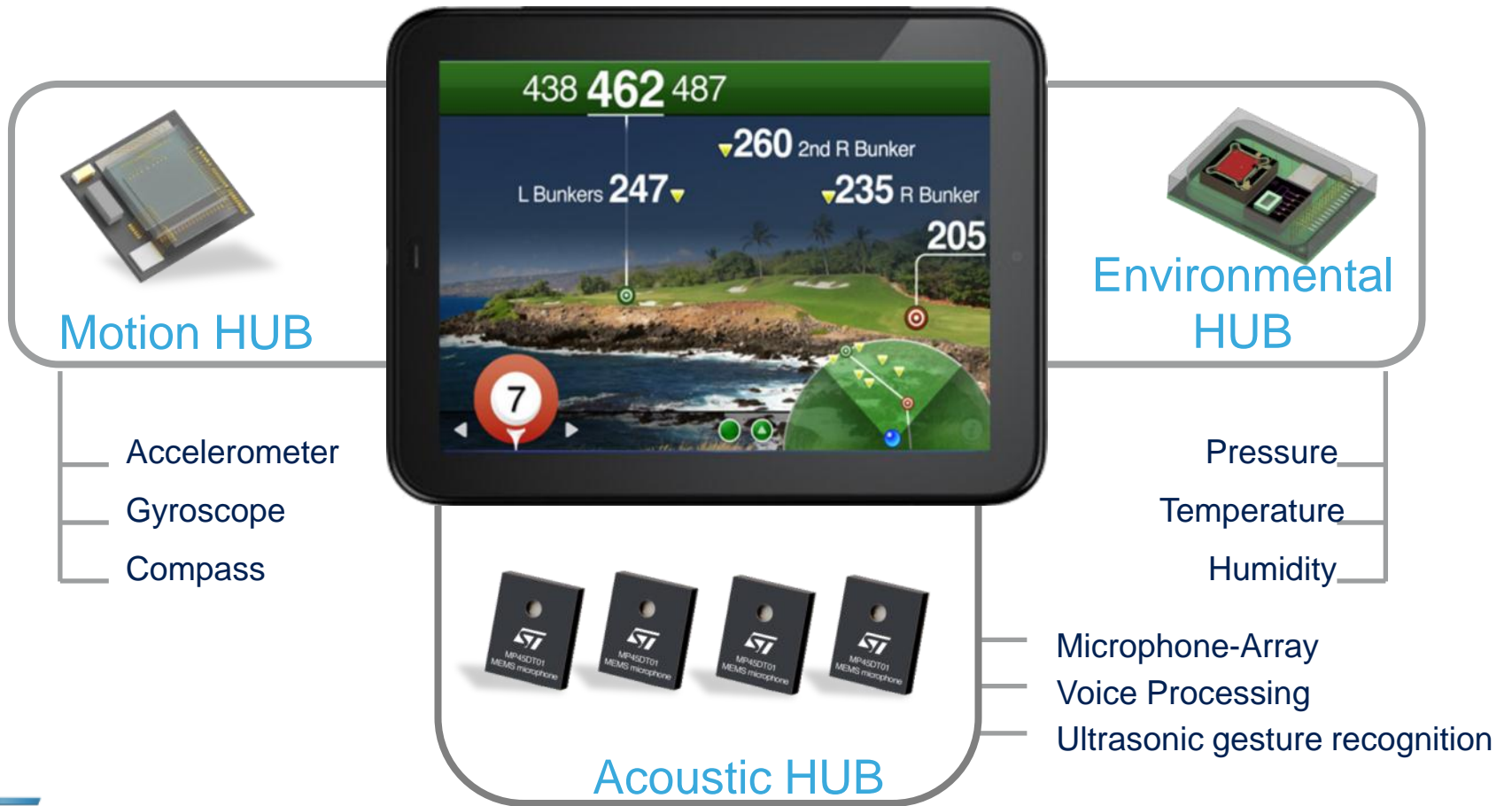
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Intensified focus on five growth drivers



Why MEMS and Sensors

A new wave of growth thanks to augmented applications in smartphones and tablets...



Why MEMS and Sensors

...a new wave of growth by addressing new markets

Accessories, wearable, healthcare and wellness

Wired

Wireless

Automotive

Assisted guidance

Personal Safety

Acoustic comfort

Why Image Sensors

A new wave of growth driven by:

- Digital still camera market, leveraging on 2012 design wins
- Camera phones
- Touch screen phones requiring proximity detection

A new wave of growth by expanding into **new applications:**

- Automotive
- Gaming
- Medical



Why Smart Power

A new wave of growth from :

- Energy Efficiency and Saving
- Power Conversion and Connectivity



Energy Management



Smart Grid

Renewable Energy Generation

Smart Metering

Power Conversion (LED Lighting, Power Supplies)



Power Management For Portable



Mobile

Tablet

Handheld Consumer



Automation

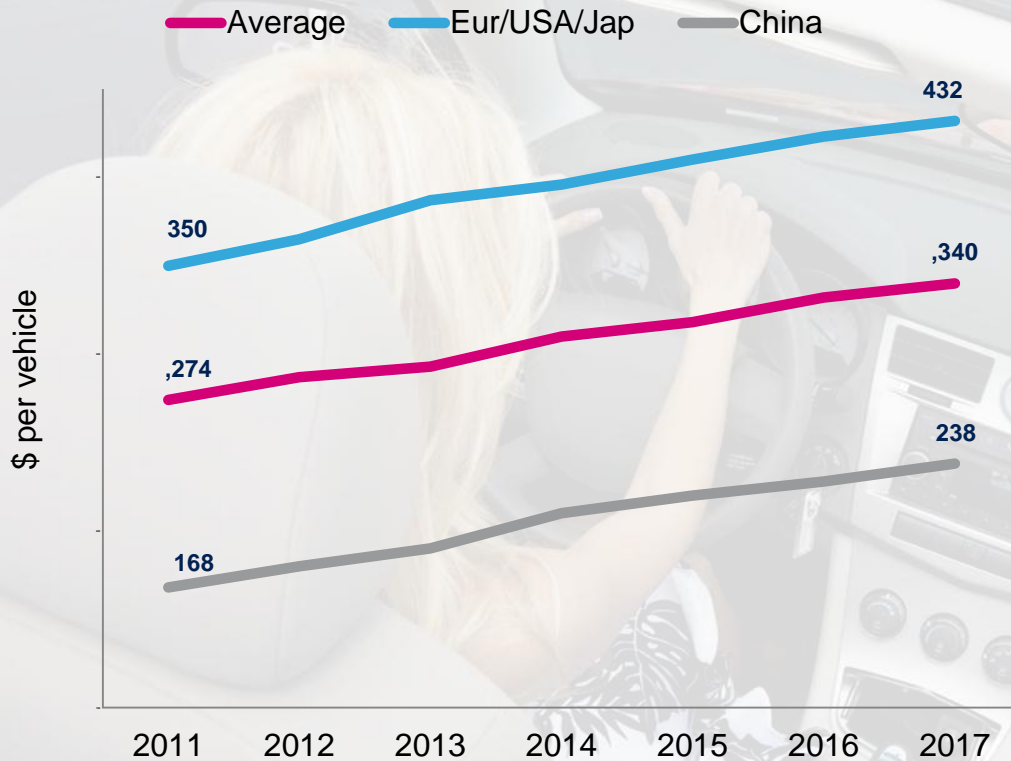
Factory Automation

Home & Building Automation

Industrial Motor Drives

Why Automotive

Semiconductor content per car increasing



Source: Strategy Analytics October 2012

Key ST growth drivers

Powertrain

- Engine control
- CO₂ emissions

Safety

- Braking
- Airbag
- Steering

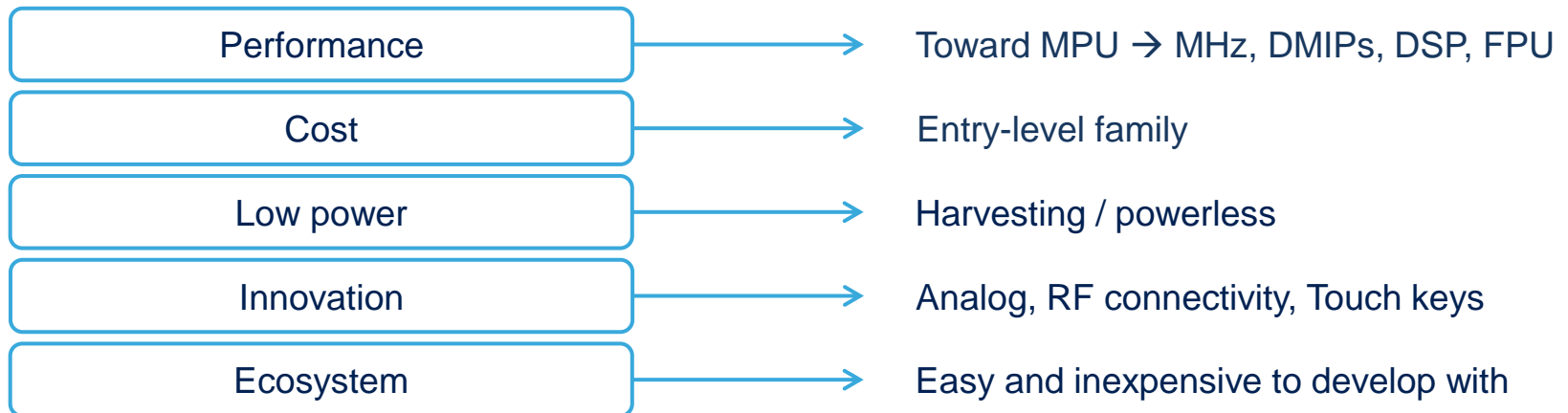
Infotainment

- Connectivity
- Positioning
- GPS

ST's complete portfolio in automotive now pervading all applications

Why General Purpose Microcontrollers

- ST General Purpose MCUs: the brain of many applications
 - Contributing to the pervasiveness of several other ST products
- ST General Purpose MCU growth drivers based on
 - Advanced e-NVM technology platform
 - ARM Cortex M 32-bit architecture
 - Broad portfolio developed around 5 main axes :



Why Secure Microcontrollers

- Migration to the Digital World requires more security embedded in multiple applications
- Growth opportunities driven by
 - Mobility
 - Contactless



Why Application Processors, Digital Consumer and ASICs



- Home Gateway
 - Next wave in Set-Top-Box
- Complex ASICs for Networking
 - Driven by dramatic increase in Internet traffic
- Time-to-market introduction of DisplayPort to grow in Monitors

A new wave of growth driven by growing applications

Why Application Processors, Digital Consumer and ASICs

- Cable Modem
 - Leveraging DOCSIS 3.0 technology
- Car infotainment
 - Leveraging ST Application Processor
- Complex ASICs for Gaming

A new wave
of growth
by expanding into
new markets



Growth
opportunities
expanding
everywhere



ST technologies
opening new
“silicon-intensive”
markets

Two-product segment organization



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Sense & Power
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EACH TO BE PROFITABLE AND CASH GENERATING

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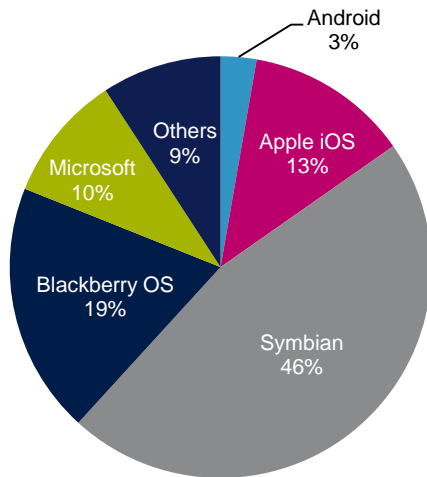


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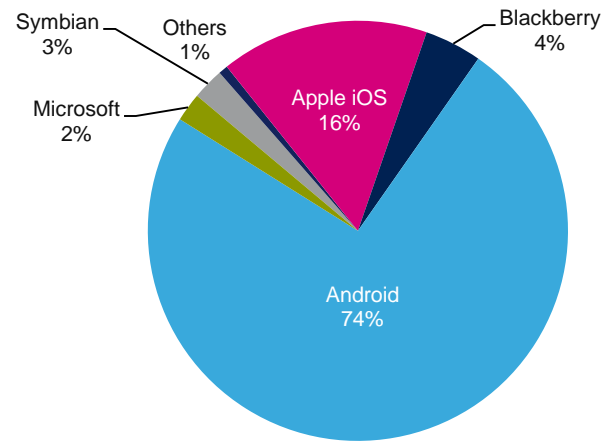
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Major changes in the wireless market

- Polarization of the mobile device market
- Vertical integration at leading phone manufacturers
- Major shift in operating systems



Smartphone OS
volume market share
2009 Q2



Smartphone OS
volume market share
2012 Q3

Source: Strategy Analytics - November 2012

- 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
- Currently in negotiations on the 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 today
- 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...

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ST Financial Model^(*)

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 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 
- Automotive 
- Application Processors and Digital Consumer 
- Microcontrollers 