Thank you for joining us on this call and thanks also to those of you who attended the year-end presentation earlier today in Paris.

As we enter 2013 we are energized by the new possibilities in front of us as we sharpen our focus and build a new ST leveraging our proven leadership in important key product markets. In this regard, in December we outlined our vision and new strategic plan, our growth drivers and confirmed our new financial model.

During 2012 we prepared for this future while also managing through a difficult year as we dealt with a weaker semiconductor industry and business environment as well as significant, structural changes in market and end-customer competitive dynamics which negatively impacted ST.

We exit 2012 with a strong position, with respect to market leadership in key areas of our product portfolio, IP leadership and a solid, flexible financial position.

Today, I would like to begin with some key summary points and then move to a review of the fourth quarter and year, our new strategic plan and then, our outlook and initiatives for 2013.

First, both revenue and gross margin were well in line with our outlook. In particular, our revenue performance came in above the midpoint of our guidance, even with the ongoing softness in the semiconductor market. Our wholly-owned businesses increased 0.2% and 1.6% on a sequential and year-ago basis. Based on independent market projections we believe we gained share in the fourth quarter in our served markets.
Second, our actions during 2012 enabled us to improve our net financial position at year-end compared to 2011, despite the significant cash used by ST-Ericsson. So this was a big challenge to overcome and we did.

Third, we have been able to maintain a dividend of 40 cents per share to shareholders during 2012. In total, we paid $355 million in dividends this past year.

Fourth, our new product momentum represents a combination of strategy, R&D innovation and marketing initiatives. During 2012 we made important progress in our new major accounts program, with revenue from these accounts growing 13% on an annual basis. In addition, this group of companies is well balanced across our five target product growth drivers. Looking forward we also want to be more pervasive in the mass market and our product and marketing plans under our new strategy will drive this objective.

Fifth, we are advancing our plans towards our exit from ST-Ericsson. In the fourth quarter, ST took an impairment charge of $544 million for Wireless goodwill and other intangible assets bringing the investment value of ST-Ericsson on our books to a negligible amount. In addition, both Ericsson and ST have waived their loan to ST-Ericsson in the amount of $1.54 billion. For ST, this loan was reflected in our net financial position already, so our net financial position and net attributable financial position are both $1.19 billion at year end 2012.

Turning now to the fourth quarter, let me share some key points:

As I mentioned earlier, our revenue and gross margin results were well in line with our guidance.

Looking at ST’s revenue results - based upon our bookings we had expected to see relatively flat revenue results on a sequential basis and that was the case. At the same time we anticipated strong results for AMM and that was the case thanks to the ramp of our MEMS products.

As expected, Automotive, Digital and Power Discrete segments all saw sequential decreases reflecting a still soft semiconductor market.
AMM revenues increased 7.4% sequentially. As we had anticipated we did see strong sequential revenue growth in our motion MEMS and environmental sensors and continued progress in microcontrollers. We also saw a quarter to quarter improvement in the operating margin to 13.9%.

The market environment continued to be tough in Automotive (APG), leading to a 6% revenue decrease and a lower operating margin as a result. However, we are very well positioned in this market and once unit volumes increase we will do well here at both the revenue and operating profitability level. We also are expanding our product offerings to this key market for us, so even more content per car.

Digital saw about a 2% decline in revenue. The operating loss was up materially mainly reflecting manufacturing efficiencies related to a sharp decrease in loadings. As we announced last quarter, we are now restructuring Digital to improve its operating results. We plan to capture annualized savings of about $150 million by the end of 2013.

Power Discrete sales decreased 11% on weak market demand with the operating margin declining but still slightly positive.

Turning to our gross margin, our results here were also in line with our expectations and slightly better than the mid-point. The fourth quarter results reflect the actions we took to lower our inventory leading to a significant quarter to quarter rise in unsaturation charges; $66 million in Q4 compared to $19 million in Q3.

Through our manufacturing actions, we significantly reduced inventory with a cash impact of $143 million in the quarter. Inventory in the fourth quarter improved to 4.3 turns or 84 days. Importantly, we enter 2013 much better positioned with respect to inventory compared to the year-ago period, where our turns level was 3.8 or 95 days.

Turning to cash flow, we began the year with a positive quarter and we finished the year in a similar manner. Lower capex and inventory were both positive contributors to the fourth quarter improvement in cash flow. As a result ST reported a slightly positive cash flow for the full year, in spite of significant pressures on cash flow from ST-Ericsson.
A key component to cash flow management was our control of spending. Capital expenditures for 2012 were $476 million, down 60% compared to 2011. So you have seen during the year a recalibration of our capital expenditures, adjusted for weaker market conditions.

In the fourth quarter we drew an Euro 350 million multicurrency 8 year credit facility granted by the European Investment Bank in 2010 to support our R&D programs in Europe. The proceeds have further strengthened our financial flexibility.

Turning to our future, in December we unveiled our vision and new strategy, growth drivers and presented our new financial model.

Our vision remains unchanged – we want to make a positive contribution to people’s lives. And looking at the evolution of our product portfolio we are reaching more parts of everyday life - energy management and savings, trust and data security, healthcare and wellness and smart consumer devices - among them.

Our strategy has changed taking into account the evolution of the markets we are in and the environment we see in the years ahead. We want to make sure our future success is built on a solid foundation – so our growth drivers we have outlined are those where ST has a strong leadership position today as well as where we have the right ingredients to be successful in the future.

Our five product families where we will focus - MEMS and sensors, Smart Power, automotive products, microcontrollers, and application processors including digital consumer products – are those where we have assessed the highest growth rates, improved profitability and market share gain opportunities for us.

- **MEMS and sensors** have been one of our tremendous success stories. In Analog, MEMS and Sensors, our foresight in anticipating the direction of the market and developing the right products led to 22% year-over-year revenue growth. We successfully began high-volume shipments of our MEMS pressure sensors, microphones and 6-axis combos. In total ST shipped over 1 billion MEMS units during 2012 and ST’s market share in the
MEMS mobile and handset market is up to 48%, according to IHS iSuppli—more than twice as large as that of our closest competitor.

- **Smart Power** is the second key growth driver for us, with our innovative range of products in the smart grid, power management for portable equipment and automation. We delivered high volumes of a new MOSFET family for a high-end charger for a leading smartphone manufacturer. For new-generation 4G LTE devices, we also introduced to several leading smartphone manufacturers high-performing, power-saving tunable capacitors. And one measure of the market’s recognition of our success in managing power is that more than 70% of the world’s ICs for powering efficient AMOLED displays are supplied by ST.

- Our third growth driver is **Automotive**, where we are number one in China and number two in Europe and the US. We are one of the very few companies that can address all semiconductor opportunities in the car. During 2012 a major global player selected our 32-bit microcontroller for their vehicle safety platform, because it covered the full function range—from entry-level anti-lock brakes to the most complex dynamic vehicle control. We also celebrated “the year of Infotainment” as we reached a milestone of having more than 200 million cars in the world running on ST’s leading infotainment technologies. And, although this news is not part of the fourth quarter review, let me proudly announce today a collaboration with Hyundai to design the best engine-management solutions to address both high performance and low cost.

Moving to our Embedded Processing Solutions product segment:

- **Microcontrollers** is our fourth growth driver. 2012 was an excellent year for us where our investment in 32-bit ARM Cortex-M-based microcontrollers continues to bear fruit. We introduced 7 new product lines, expanded the families and most important, increased billings 30% year-over-year.

- In **Imaging**, we continued to diversify by delivering breakthrough technology in new applications such as proximity sensors to earn design-wins in Industrial, Automotive, Digital Still Cameras, and Gaming. And, through multiple design wins and business awards for new image sensors,
camera modules and image signal processors we expanded our customer base in mobile imaging.

- Finally, in **Application Processors, including Digital Consumer and ASICs**, a key objective is to offer application processors to serve many markets through a unified processing platform. During 2012 we saw fast adoption of our 40nm Set-Top box families for cable, terrestrial & IPTV; we earned important design wins for Orly, the world’s most powerful set-top box system-on-chip, in both 32nm and 28nm, and we introduced our DOCSIS 3.0 products for new high-speed cable networks. And, just last quarter, we gained increased traction for high-resolution multimedia-monitor controllers in premium monitors and public displays with LG, Samsung and others. Also, we were awarded a major 32nm ASIC with a major networking company and we have started to work on innovative ASICs for various applications using our FD-SOI technology.

In addition to our key product areas, let me acknowledge two important technical successes.

- ST’s propriety 28nm **FD-SOI Technology** Platform, manufactured at our Crolles France 300mm facility, has now proven it can deliver 30% higher speed at the same power and up to 50% greater power efficiency at the same performance as bulk processes. We’ve proven we can do it at comparable cost and we have significant opportunities in portable equipment, gaming, and digital still camera, among others.

- Enabled by our advanced BCD9S Technology Platform demonstrating superior device performances and area reduction we won a significant award for Power ASICs for automotive.

So with this product portfolio, we expect to significantly enhance our financial performance – at the gross margin line, operating margin and net earnings per share as well as driving significant cash flow and growth of our net financial position.

Let me turn now to our outlook.
Looking at ST’s wholly-owned businesses, we are seeing some positive signs, including improved bookings in January results on several product lines that may be early indicators of a recovery ahead at some point in 2013.

We anticipate a better than normal seasonality from our wholly-owned businesses leading to a sequential decrease in revenues of about 3% at the midpoint while increasing about 2% year-over-year.

The total revenue outlook for ST of down 7% at the midpoint takes into account the fact that ST-Ericsson anticipates a very significant quarter to quarter decrease in revenues.

Reflecting lower unsaturation charges and no revenues from licensing compared to the fourth quarter, gross margin in the first quarter is expected to be about 31.4%, plus or minus 2.0 percentage points.

Following our announcement to exit ST-Ericsson after a transition period that is expected to end during the third quarter of 2013, we are finalizing our decision regarding available strategic options. Our current best estimate is that ST, for its part, could incur cash costs, 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.

To conclude, let me share a few final observations.

Globally there are a number of signs that 2013 may show an improving economic environment as the year advances. We are well positioned with our innovative product portfolio and customer relationships to benefit. We are especially encouraged by the traction we are gaining with our new major accounts and the expectation for a major turnaround in our distribution business.
More specifically, ST is positioned to outperform the markets addressed by our two newly defined product segments. Key products expected to show the strongest growth in 2013 include imaging, microcontrollers and Analog and MEMS. In addition, as the year progresses, we expect to benefit from improved loading.

With respect to ST-Ericsson, we will communicate further details when they become available. We are finalizing our decision regarding available strategic options and while we do not underestimate the challenges related to the transition, we are committed to ensure a smooth and timely exit.

We are re-sizing our net expense base, essentially reducing it by about 30% to bring our net expense base from a run rate of almost $900 million per quarter to within a range of $600 million to $650 million by the beginning of the first quarter in 2014.

So overall, we are creating a new, more focused ST product portfolio and this will have positive implications across the board in terms of improving operating metrics and returns on net assets. Our net financial position continues to be strong and we remain committed to protect our financial resources.

My colleagues and I are now ready to take your questions.