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, which may impact end-market demand for our products;
- Customer demand that differs from projections;
- The ability to design, manufacture and sell innovative products in a rapidly changing technological environment;
- Unanticipated events or circumstances, which may 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;
- Changes in economic, social, labor, 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 conflicts, social unrest, labor actions, or terrorist activities;
- The Brexit vote and the perceptions as to the impact of the withdrawal of the U.K. may adversely affect business activity, political stability and economic conditions in the U.K., the Eurozone, the EU and elsewhere. While we do not have material operations in the U.K. and have not experienced any material impact from Brexit on our underlying business to date, we cannot predict its future implications;
- Financial difficulties with any of our major distributors or significant curtailment of purchases by key customers;
- The loading, product mix, and 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, and any breaches of our IT systems or those of our customers or suppliers;
- 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;
- The ability to successfully restructure underperforming business lines and associated restructuring charges and 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;
- Product liability or warranty claims, claims based on epidemic or delivery failure, or other claims relating to our products, or recalls by our customers for products containing our parts;
- 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 and technology, 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, 2015, as filed with the SEC on March 16, 2016. 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

ST stands for life.augmented

Everywhere microelectronics make a positive contribution to people’s lives, ST is there

- A global semiconductor leader
- Application strategic focus: Smart Driving & Internet of Things
- 2015 revenues of $6.90B
- Listed: NYSE, Euronext Paris and Borsa Italiana, Milan
- Approximately 43,200 employees worldwide, 8,300 people working in R&D
- Portfolio of over 9,400 patent families
- 11 manufacturing (front and back-end) sites
- Over 75 sales & marketing offices
The leading provider of products and solutions for Smart Driving and the Internet of Things
Product Family Focus

The leading provider of products and solutions for Smart Driving and the Internet of Things

- Dedicated Automotive ICs
- Discrete & Power Transistors
- Analog, Industrial & Power Conversion ICs
- MEMS & Specialized Imaging Sensors
- Digital ASICs
- General Purpose & Secure MCUs EEPROM

Portfolio delivering complementarity for target end markets, and synergies in R&D and manufacturing
Organization aligned to Strategic Focus (FY 2015)

- **Analog & MEMS Group (AMG)**: $1.67B (24%)
- **Automotive & Discrete Group (ADG)**: $2.73B (40%)
- **Microcontrollers & Digital ICs Group (MDG)***: $2.02B (29%)
- **Imaging**: $3.53B (4%)
- **Discontinued Businesses**: $0.40B (3%)

---

*MDG excludes Set-Top Box business
3Q16 Highlights

- Net revenues of $1.80B
  - Up 5.5% sequentially; up 1.9% year-over-year or 3.4% excluding discontinued business
  - Increased pervasiveness of ST’s products in flagship smartphones, wearables and IoT
  - Year-over-year growth in MEMS, microcontrollers, automotive, specialized image sensors and digital ASICs
  - Continued positive momentum in industrial, the distribution channel and the mass market

- Gross margin 35.8%
  - Up 190 basis points sequentially; up 100 basis points year-over-year
  - Improvement mainly driven by manufacturing efficiencies and product mix

- Free cash flow before acquisition of $178M in 3Q16
  - $256M year-to-date
  - $100M in 3Q16 and $178M YTD, net of payment for acquisition

- Acquisition of NFC and RFID reader assets to strengthen secure microcontroller solutions serving mobile devices, wearables, banking, identification, industrial, automotive and IoT markets.

Further progress towards our focus to grow revenues and profitability
3Q16 Revenues

% by product group*

- Analog and MEMS Group (AMG) 22%
- Microcontrollers and Digital ICs Group (MDG)* 33%
- Automotive and Discrete Group (ADG) 39%
- Others* 6%

% by location of order shipment

- Americas 59%
- EMEA 25%
- Asia Pacific 16%

* MDG includes ST’s set-top-box business which is currently undergoing a restructuring. Others includes Imaging product division.
## Financial Performance

### In US$M, except EPS

<table>
<thead>
<tr>
<th></th>
<th>3Q15</th>
<th>2Q16</th>
<th>3Q16</th>
<th>9M15</th>
<th>9M16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenues</strong></td>
<td>1,764</td>
<td>1,703</td>
<td>1,797</td>
<td>5,229</td>
<td>5,113</td>
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<td><strong>Gross Margin</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>34.8%</td>
<td>33.9%</td>
<td>35.8%</td>
<td>33.9%</td>
<td>34.4%</td>
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<tr>
<td><strong>Operating Income (Loss) before impairment, restructuring</strong></td>
<td>102</td>
<td>40</td>
<td>119</td>
<td>145</td>
<td>154</td>
</tr>
<tr>
<td><strong>Operating Margin before impairment, restructuring</strong></td>
<td>5.8%</td>
<td>2.3%</td>
<td>6.6%</td>
<td>2.8%</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>Net Income – Reported</strong>**</td>
<td>90</td>
<td>23</td>
<td>71</td>
<td>102</td>
<td>53</td>
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<tr>
<td><strong>EPS Diluted</strong></td>
<td>0.10</td>
<td>0.03</td>
<td>0.08</td>
<td>0.12</td>
<td>0.06</td>
</tr>
<tr>
<td><strong>Adjusted EPS Diluted</strong>*</td>
<td>0.12</td>
<td>0.04</td>
<td>0.11</td>
<td>0.18</td>
<td>0.13</td>
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<tr>
<td><strong>Free Cash Flow</strong>*</td>
<td>85</td>
<td>47</td>
<td>100</td>
<td>179</td>
<td>178</td>
</tr>
<tr>
<td><strong>Net Financial Position</strong>*</td>
<td>459</td>
<td>426</td>
<td>464</td>
<td>459</td>
<td>464</td>
</tr>
<tr>
<td><strong>Effective Exchange Rate €/$</strong></td>
<td>1.16</td>
<td>1.12</td>
<td>1.12</td>
<td>1.19</td>
<td>1.12</td>
</tr>
</tbody>
</table>

*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.

** 3Q15 and 9M15 net income included an income tax benefit of about $14M and $46M, respectively.
3Q16 Revenues = $1.80B

### 3Q16 up 5.5% sequentially
- AMG up 7.1% driven by motion MEMS and microphones
- MDG up 5.5% driven by general purpose MCUs and digital ASICs for networking
- ADG down 2.3% due to seasonality in automotive and flat revenues in power discretes
- Strong growth in specialized image sensors due to new products, based on our Time-of Flight technology in wireless applications

### 3Q16 up 1.9% year-over-year
- Up 3.4% excluding businesses undergoing a phase-out
- Growth driven by MEMS and sensors, microcontrollers, automotive, specialized image sensors and digital ASICs
- Partially offset by analog and power discretes - both negatively impacted by the weak computer peripheral market - and by digital due to the discontinued product lines

### 4Q16 revenue outlook
- Expected to increase sequentially by about 3.2% (+/- 3.5%)
- Growth anticipated from all product groups
- Resulting in FY16/FY15 growth at the mid-point of guidance
**3Q16 Gross Margin = 35.8%**

Up 190 basis points sequentially
- Improved manufacturing efficiency and product mix partially offset principally by normal price pressure and higher unused capacity charges

Up 100 basis points year-over-year
- Improved manufacturing efficiency and favorable currency effects, net of hedging, partially offset by normal price pressure

Includes about 60 basis points negative impact of unused capacity charges

**4Q16 outlook**
- About 37% +/- 2.0%

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The chart shows the gross margin evolution from 1Q15 to 4Q16, with 4Q16 guidance at midpoint.
3Q16 combined SG&A and R&D at $542M
- Down $23M sequentially benefiting from favorable seasonality and the set-top-box restructuring plan
- $523M net of R&D grants
Exiting 3Q16, €332M of €400M Nano2017 grants already recognized

Net Operating Expenses Target of $500-$550M
Upon Completion of Set-Top Box Restructuring

* Net Operating Expenses: R&D + SG&A – recurring R&D grants
3Q16 Product Group Results
Before impairment and restructuring charges

Automotive & Discrete

- Revenues = $704M
- Operating Margin = 8.2%

Analog & MEMS

- Revenues = $403M
- Operating Margin = 5.8%

Microcontrollers & Digital ICs

- Revenues = $587M
- Operating Margin = 7.5%

Others

- Revenues = $103M
- Operating Loss* = ($6M)

Others includes sales from the Imaging Product Division and other revenues and items such unused capacity charges and other unallocated expenses.

MDG includes ST's set-top-box business
Financial Flexibility

Free Cash Flow* (US$M)

- 1Q
- 2Q
- 3Q
- Acquisition

- 9M15
- 9M16

Capital Expenditures (US$M)

- Capex (US$)
- Capex / Sales (%)

- 9M15
- 9M16

<table>
<thead>
<tr>
<th>End of period (US$M)</th>
<th>October 1 2016</th>
<th>July 2 2016</th>
<th>December 31 2015</th>
</tr>
</thead>
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<td>Total Liquidity</td>
<td>2,017</td>
<td>2,027</td>
<td>2,106</td>
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<tr>
<td>Total Financial Debt</td>
<td>(1,553)</td>
<td>(1,601)</td>
<td>(1,612)</td>
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<tr>
<td><strong>Net Financial Position</strong>*</td>
<td><strong>464</strong></td>
<td><strong>426</strong></td>
<td><strong>494</strong></td>
</tr>
</tbody>
</table>

*Non-U.S. GAAP measure. See Appendix for additional information explaining why the Company believes these measures are important.
Acquisition of NFC and RFID Reader Business

Structure of the deal

- Acquisition of IP, technologies, products and business
- About 50 technical experts transferred to ST
- Cash payment of $78M + deferred earn-out of max $37M (currently estimated to be $13M)

Strengthens ST’s Secure MCU solutions embedding NFC connectivity

- Complete portfolio of best in-class technologies, products and competencies
- New products already integrating this technology sampling now to customers and covering a broad range of applications such as next-generation mobile and IoT devices

RFID Reader complementing NFC/RFID EEPROM tag offering
### Profitability Drivers & Opportunities

**2015 Operating Results by Product Group**

- **ADG**: 7.1%
- **AMG**: 6.5%
- **MDG**: 12.7%
- **Others**: -$157M

**Set-Top Box**

- **-$250M**

#### Profitability Drivers

- **Leverage on Revenue Growth**
- **Technology Mix in Crolles 12" (eNVM)**
- **6" to 8" conversion in Power and Analog Fabs**
- **3" to 12" Products Evolution**
- **Assembly Cost and Yields**
- **Value-add and Differentiated New Products**
- **Product Mix**
- **Low Margin Discontinued Products (Set-Top Box)**
- **Execution of Set-Top Box Restructuring**
- **Favorable Currency Effects**
- **Reduce Net Expenses**

**Mid-term Target**

- **>10%**

**Mid-high single digit %**

**>10%**

**Profit**
4Q16 Outlook

- Demand is currently strong in the smartphone market and we continue to see positive trends in automotive and industrial.

- Thanks to our strategic focus on Smart Driving and Internet of Things, the increased traction we are seeing with our new products and positive market trends, ST is positioned to achieve year-over-year revenue growth for 2016 driven by automotive, specialized image sensors and microcontrollers.

- In addition, we expect for 2016 to improve our profitability and continue to generate solid free cash flow. While we remain mindful of macroeconomic factors and their potential impact on our customers and the semiconductor market, we see less macro risk than we did earlier in the year.

- Expects 4Q16
  - Revenues to increase about 3.2% on a sequential basis (plus or minus 3.5 percentage points)
  - Gross margin to be about 37.0% (plus or minus 2.0 percentage points)

Outlook based on an assumed effective currency exchange rate of approximately $1.11 = €1.00 for 4Q16 and includes the impact of existing hedging contracts. 4Q16 will close on December 31, 2016.
Appendix
In 1Q16, ST realigned its product families into three product groups: Automotive and Discrete Group (ADG); Analog and MEMS Group (AMG) and Microcontrollers and Digital ICs Group (MDG). MDG includes ST’s set-top-box business which is currently undergoing a restructuring targeting annualized savings of $170 million upon completion. All prior-period amounts have been retrospectively aligned to the 2016 reporting segments.

<table>
<thead>
<tr>
<th>Million US$</th>
<th>1Q15</th>
<th>2Q15</th>
<th>3Q15</th>
<th>4Q15</th>
<th>FY15</th>
<th>1Q16</th>
<th>2Q16</th>
<th>3Q16</th>
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<tr>
<td><strong>Automotive and Discrete Group (ADG)</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Net Revenues</td>
<td>674</td>
<td>714</td>
<td>706</td>
<td>637</td>
<td>2,731</td>
<td>671</td>
<td>721</td>
<td>704</td>
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<tr>
<td>- Operating Income (Loss)</td>
<td>36</td>
<td>46</td>
<td>68</td>
<td>44</td>
<td>194</td>
<td>39</td>
<td>61</td>
<td>58</td>
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<tr>
<td><strong>Analog and MEMS Group (AMG)</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>- Net Revenues</td>
<td>445</td>
<td>445</td>
<td>411</td>
<td>370</td>
<td>1,671</td>
<td>369</td>
<td>376</td>
<td>403</td>
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<td>- Operating Income (Loss)</td>
<td>37</td>
<td>30</td>
<td>34</td>
<td>8</td>
<td>109</td>
<td>2</td>
<td>1</td>
<td>23</td>
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<td><strong>Microcontrollers and Digital ICs Group (MDG)</strong></td>
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<td>- Net Revenues</td>
<td>530</td>
<td>558</td>
<td>590</td>
<td>614</td>
<td>2,292</td>
<td>532</td>
<td>556</td>
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<td>- Operating Income (Loss)</td>
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<td>(1)</td>
<td>22</td>
<td>36</td>
<td>29</td>
<td>(3)</td>
<td>9</td>
<td>44</td>
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<td>**Others * **</td>
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<td></td>
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<tr>
<td>- Net Revenues</td>
<td>56</td>
<td>43</td>
<td>57</td>
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<td>- Operating Income (Loss)</td>
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<td>(63)</td>
<td>(33)</td>
<td>(63)</td>
<td>(223)</td>
<td>(71)</td>
<td>(43)</td>
<td>(35)</td>
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<tr>
<td><strong>Total</strong></td>
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<tr>
<td>- Net Revenues</td>
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<td>1,764</td>
<td>1,668</td>
<td>6,897</td>
<td>1,613</td>
<td>1,703</td>
<td>1,797</td>
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<tr>
<td>- Operating Income (Loss)</td>
<td>(19)</td>
<td>12</td>
<td>91</td>
<td>25</td>
<td>109</td>
<td>(33)</td>
<td>28</td>
<td>90</td>
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* See appendix
Pre-Tax Items to Adjusted Earnings*

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<thead>
<tr>
<th>Operating Result</th>
<th>3Q15</th>
<th>2Q16</th>
<th>3Q16</th>
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<td>U.S. GAAP Net Earnings</td>
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<td>23</td>
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<tr>
<td>Impairment &amp; Restructuring</td>
<td>11</td>
<td>12</td>
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<td>Estimated Income Tax Effect</td>
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<td>(4)</td>
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<td>Adjusted Net Earnings*</td>
<td>101</td>
<td>33</td>
<td>96</td>
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</tbody>
</table>

* See appendix
• **Free cash flow** is defined as net cash from operating activities minus net cash from (used in) investing activities, excluding payment for purchases (proceeds from the sale of) marketable securities and short term deposits, restricted cash 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.

• **Net revenues of “Others”** includes revenues from sales of Imaging Product Division, Subsystems, assembly services, and other revenue. **Operating income (loss) of “Others”** includes items such as unused capacity charges, impairment, restructuring charges and other related closure costs, phase out and start-up costs, and other unallocated expenses such as: strategic or special research and development programs, certain corporate-level operating expenses, patent claims and litigations, and other costs that are not allocated to product groups, as well as operating earnings of the Imaging Product Division, Subsystems and other products. “Others” includes $11 million, $8 million, $10 million, $6 million, $9 million and $19 million of unused capacity charges in the third, second and first quarters of 2016 and 2015, respectively; and $29 million, $12 million, $28 million, $11 million, $21 million and $29 million of impairment, restructuring charges, and other related closure costs in the third, second and first quarters of 2016 and 2015, respectively.