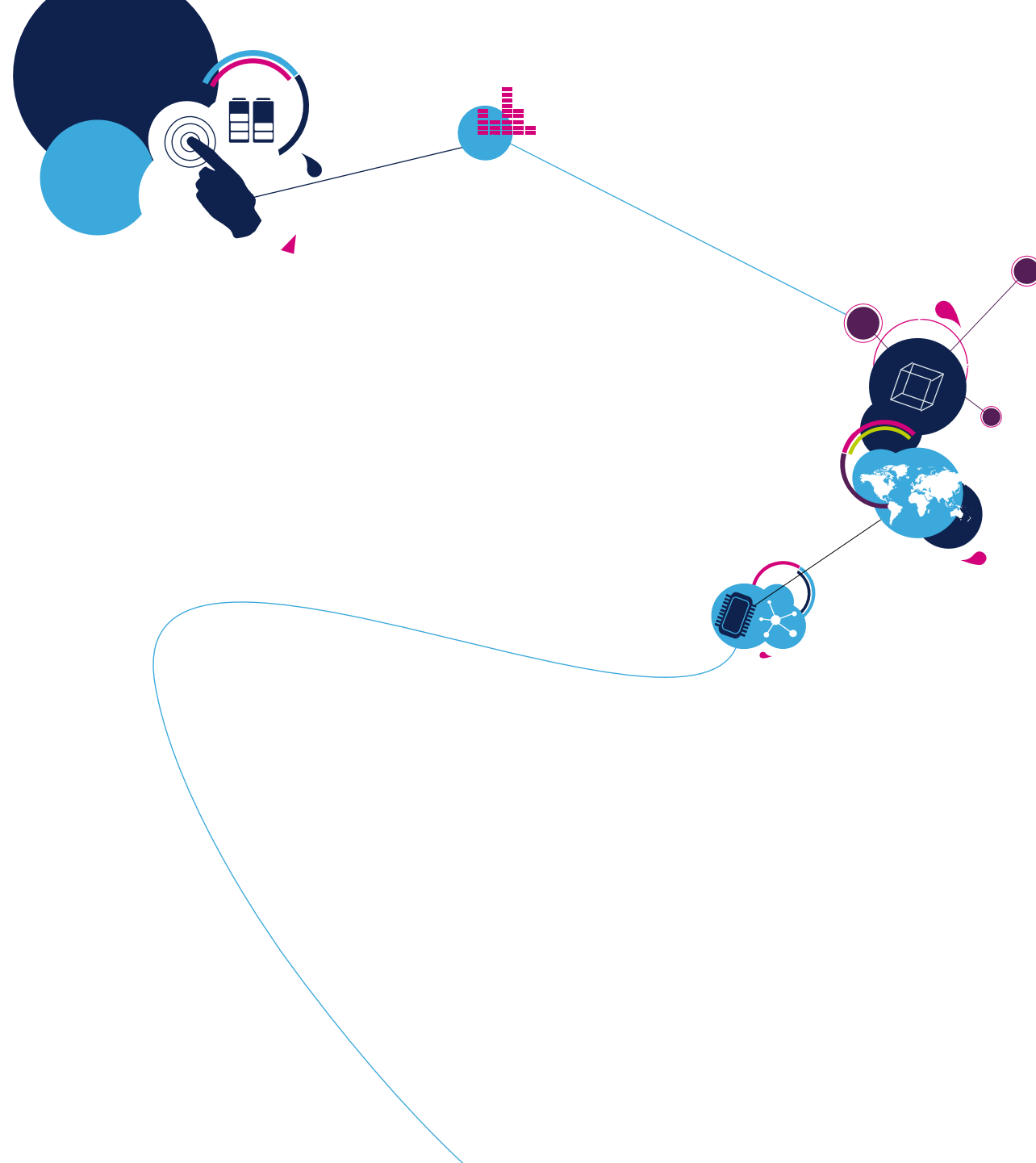


STMicroelectronics Q4 & FY14 Earnings

January 28, 2015



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, 2013, as filed with the SEC on March 5, 2014. 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



Agenda

- 9:30 am Welcome
Q4 & FY14 Business
and Financial Performance
Embedded Processing Solutions
Sense, Power & Automotive
Closing remarks
- 10:30 am Questions & Answers
- 11:00 am End

Speakers



Carlo Bozotti
President & CEO

Supported by



Jean-Marc Chery
Chief Operating Officer



Carlo Ferro
Chief Financial Officer



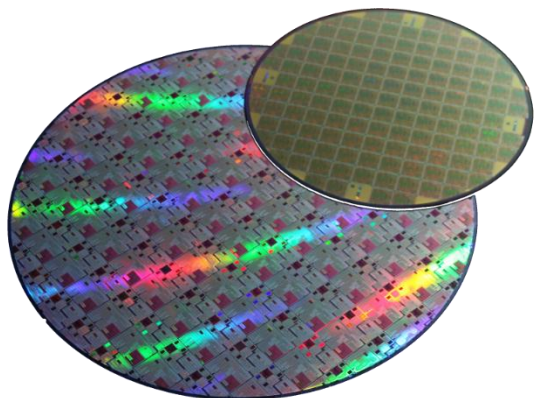
Georges Penalver
Chief Strategy Officer



- A global semiconductor leader
- The largest European semiconductor company
- 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



Product & Technology Leadership



Customers



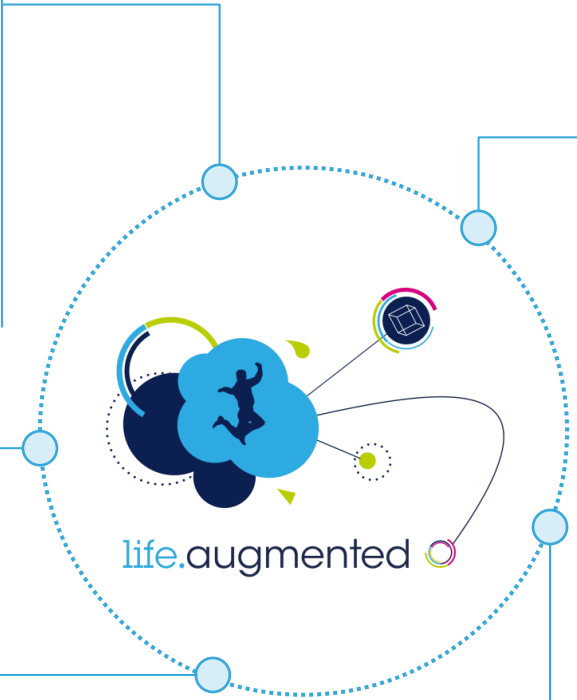
Operational and Financial Performance



Where you find Us



Our MEMS & Sensors
are augmenting the consumer experience



Our digital consumer products
are powering the augmented digital lifestyle



Our automotive products
are making driving safer, greener
and more entertaining

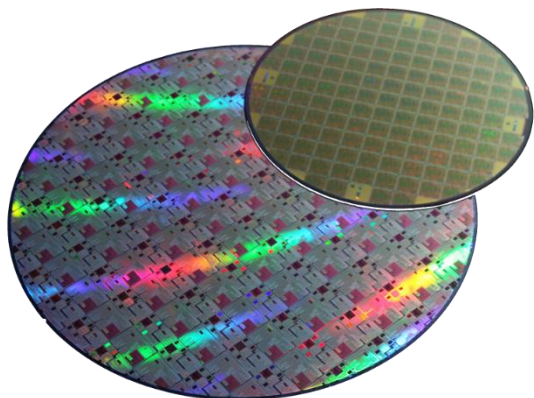


Our smart power products
are making more of our energy
resources



Our Microcontrollers
are everywhere making everything
smarter and more secure

Product & Technology Leadership



Customers



Operational and Financial Performance





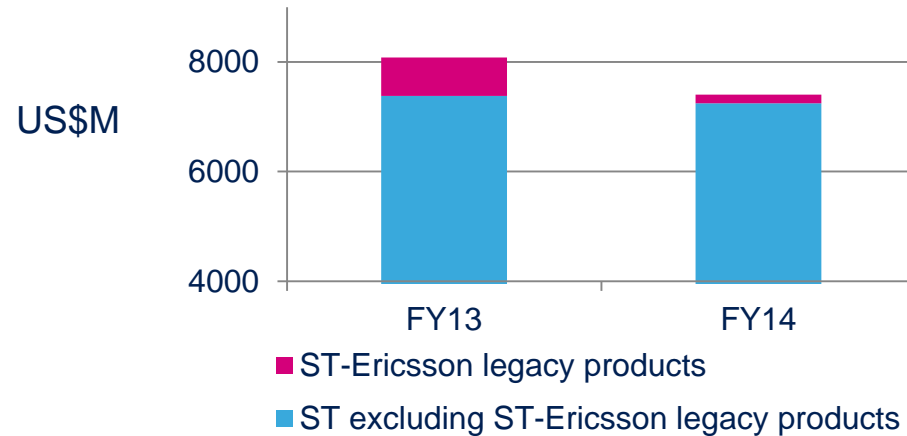
- Q4 & FY14 Business and Financial Performance
- Embedded Processing Solutions
- Sense, Power & Automotive

Financial Performance

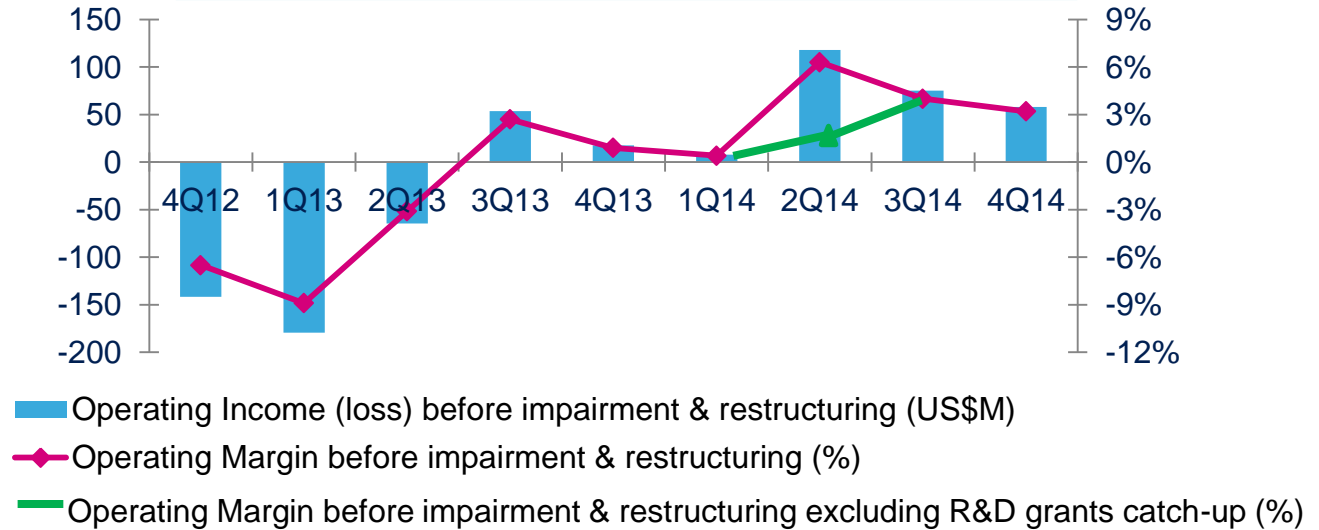
<i>In US\$M, except EPS</i>	4Q13	1Q14	2Q14	3Q14	4Q14	FY13	FY14
Net Revenues	2,015	1,825	1,864	1,886	1,829	8,082	7,404
Gross Margin	32.9%	32.8%	34.0%	34.3%	33.8%	32.3%	33.7%
Operating Income (Loss) before impairment, restructuring* Operating Margin before impairment, restructuring*	18 0.9%	8 0.4%	118 6.3%	75 4.0%	58 3.2%	(173) (2.1%)	258 3.5%
Net Income – Reported	(36)	(24)	38	72	43	(500)	128
EPS Diluted	(0.04)	(0.03)	0.04	0.08	0.05	(0.56)	0.14
Adjusted EPS Diluted*	(0.01)	(0.01)	0.11	0.13	0.07	(0.23)	0.29
Free Cash Flow*	91	(51)	(99)	140	208	(179)	197
Net Financial Position*	741	612	423	494	546	741	546
Effective Exchange Rate €/€	1.34	1.35	1.36	1.34	1.29	1.31	1.34

A Year of Progress

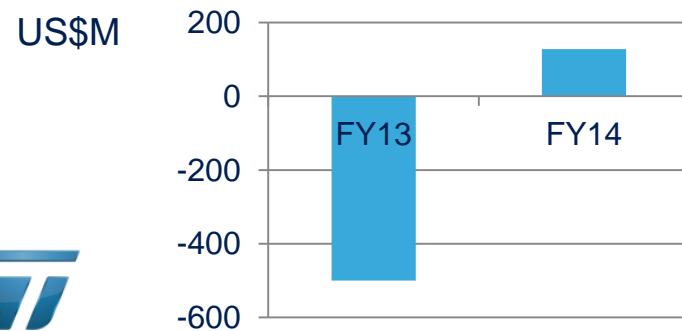
Revenues = \$7.40B



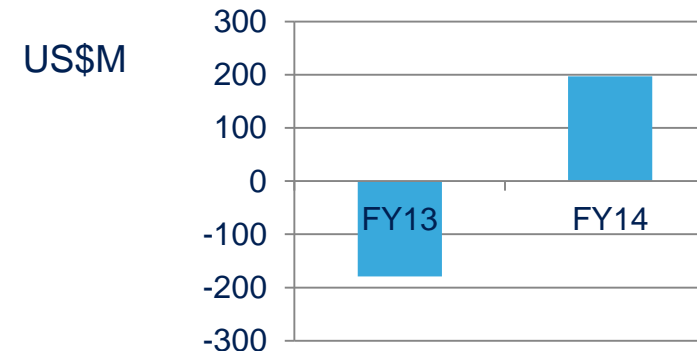
Operating Margin = 3.5%



Net Income = \$128M

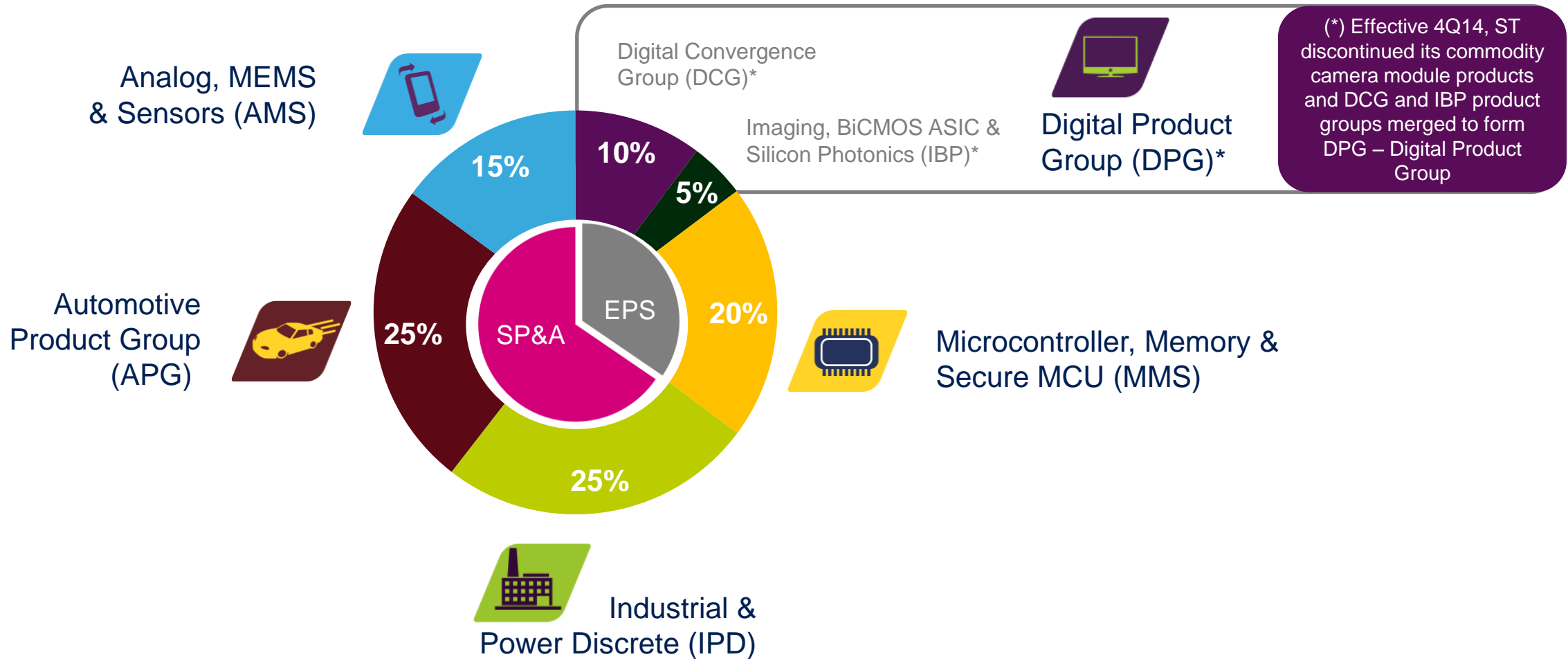


Free Cash Flow = \$197M

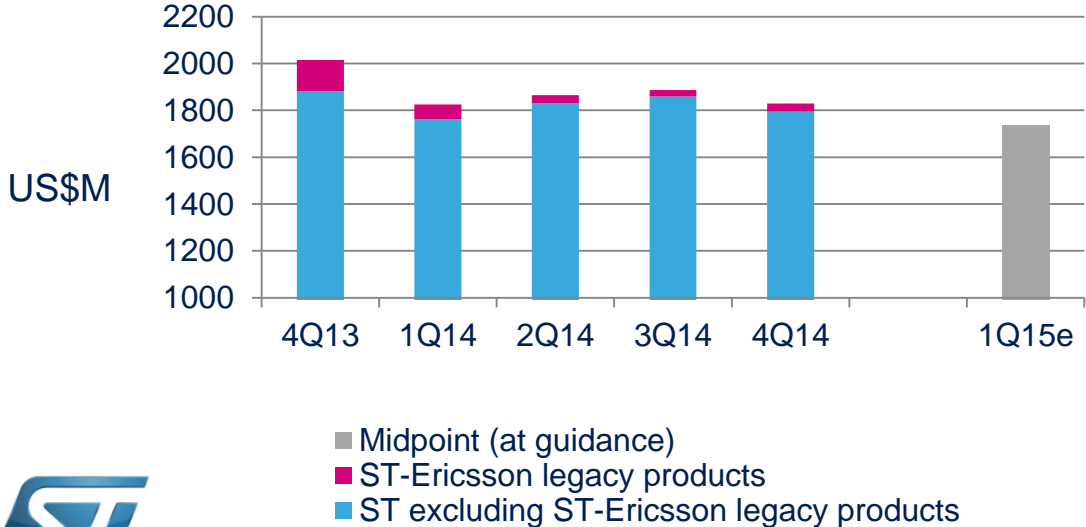
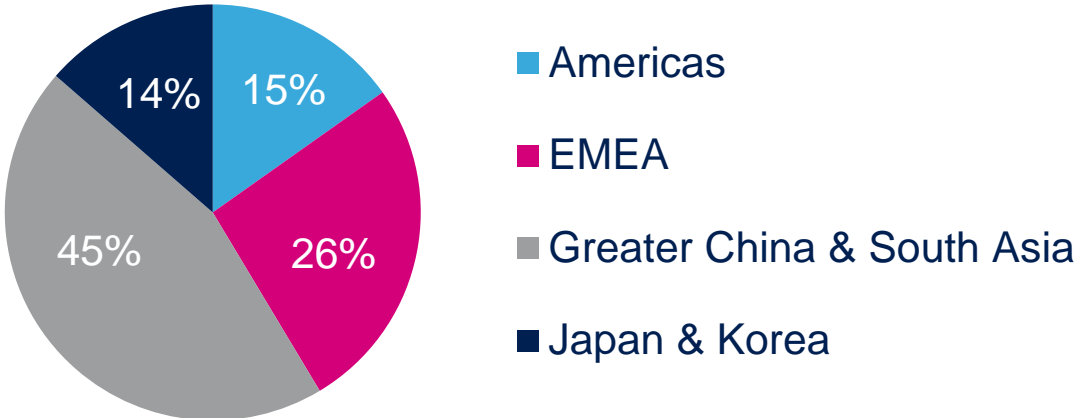
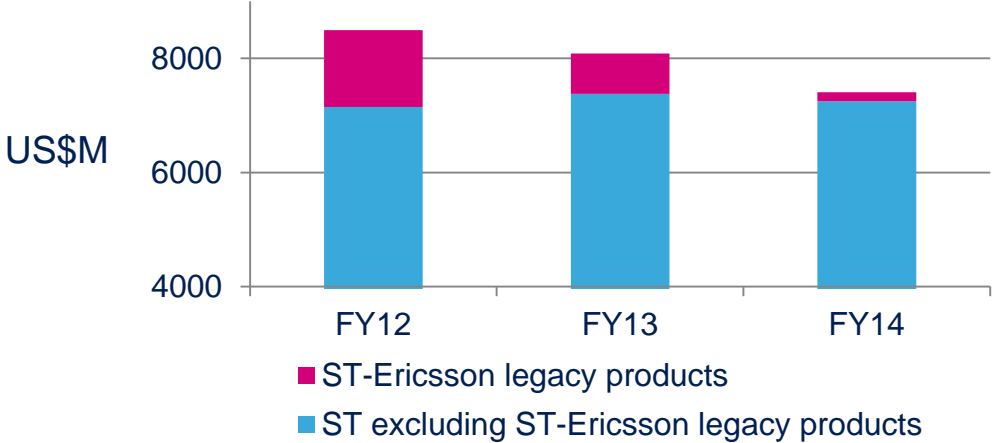


Well Balanced Product Portfolio

Revenues by Product Group FY 2014



FY14 Revenues = \$7.40B



4Q14 down 3.0% sequentially

- Met guidance
- **FY14 reported decline of 8.4% reflects exit from former ST-Ericsson**
- Down 1.8% excluding ST-Ericsson legacy products
- Solid growth in MMS and APG supported by IPD
- Lower sales in:
 - DCG - product transition in Set-Top-Box
 - AMS - product transition in MEMS and low margin pruning in standard analog

1Q15 revenue outlook:

- Expected to decrease about 5% sequentially (+/- 3.5 percentage points); better than normal seasonal evolution

Expanding the Customer Base

FY14

Top 10 OEMs*:

- Apple
- Bosch
- Cisco
- Conti
- Delta
- HP
- Microsoft
- Samsung
- Seagate
- Western Digital

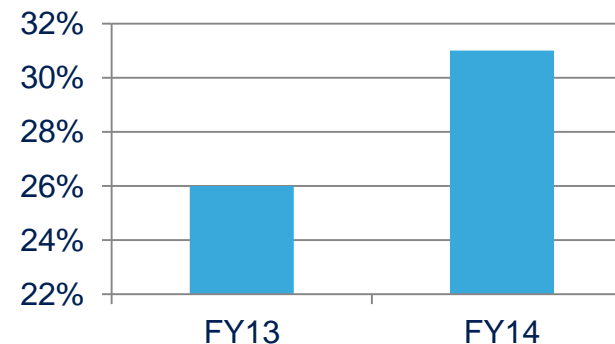
Top 4 Distributors*:

- Arrow Electronics
- Avnet
- Wintech
- Yosun

FY14



**Distribution
(as % of total revenues)**



*Listed alphabetically

** Mass market includes Distribution, Online Accounts and Core Key Accounts

4Q14 Gross Margin = 33.8%

Met guidance

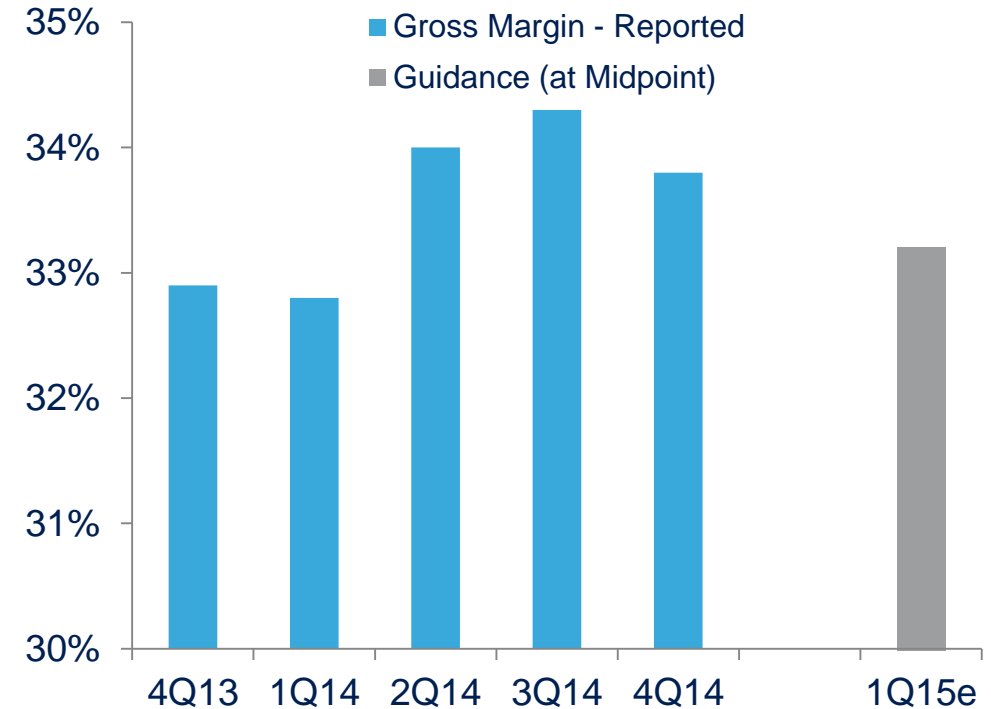
- Primarily reflecting price pressure and higher unused capacity charges in digital technology, partially offset by manufacturing efficiencies and favorable currency effects
- About 160 basis points impact for unused capacity charges

Up 90 basis points year-over-year

- Reflecting the combined benefits of manufacturing efficiencies and favorable currency offset in part by price pressure and unused capacity charges

1Q15 outlook

- About 33.2% +/- 2.0%
- Reflects still high unsaturation charges negatively impacting gross margin by about 120 basis points



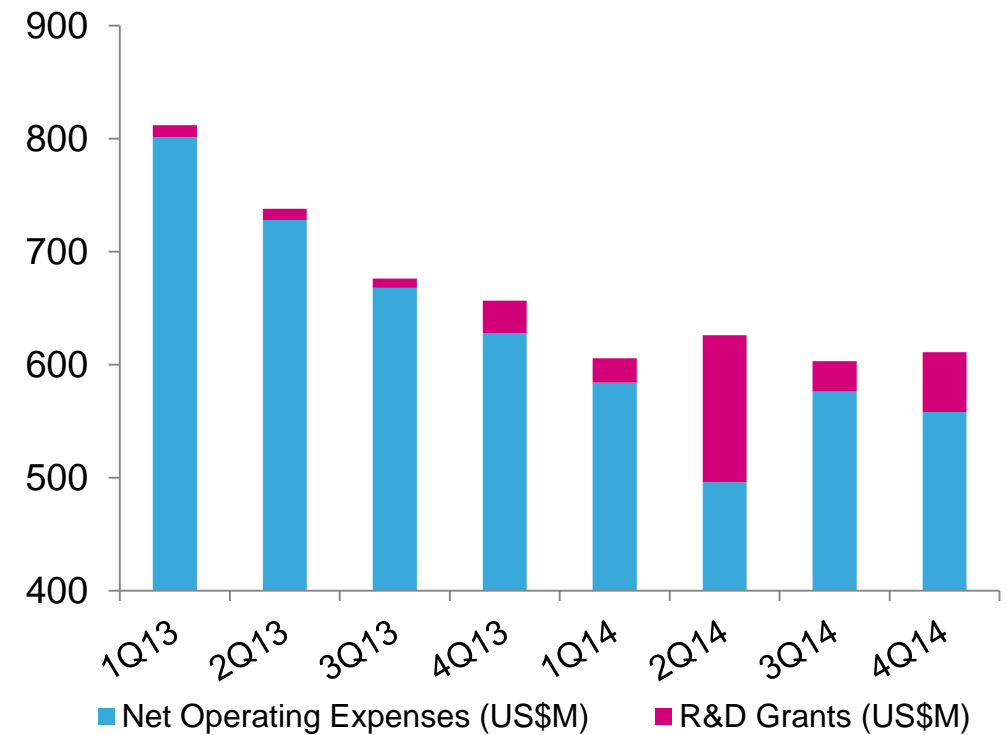
Net Operating Expenses*

4Q14 combined SG&A and R&D at \$611M

- Up \$8M sequentially, principally due to a longer calendar
- Down \$46M y-o-y, mainly reflecting the ST-Ericsson wind-down, cost reduction initiatives and favorable currency effect
- \$576M net of R&D grants (excluding \$18M catch-up)

Lower net operating expenses

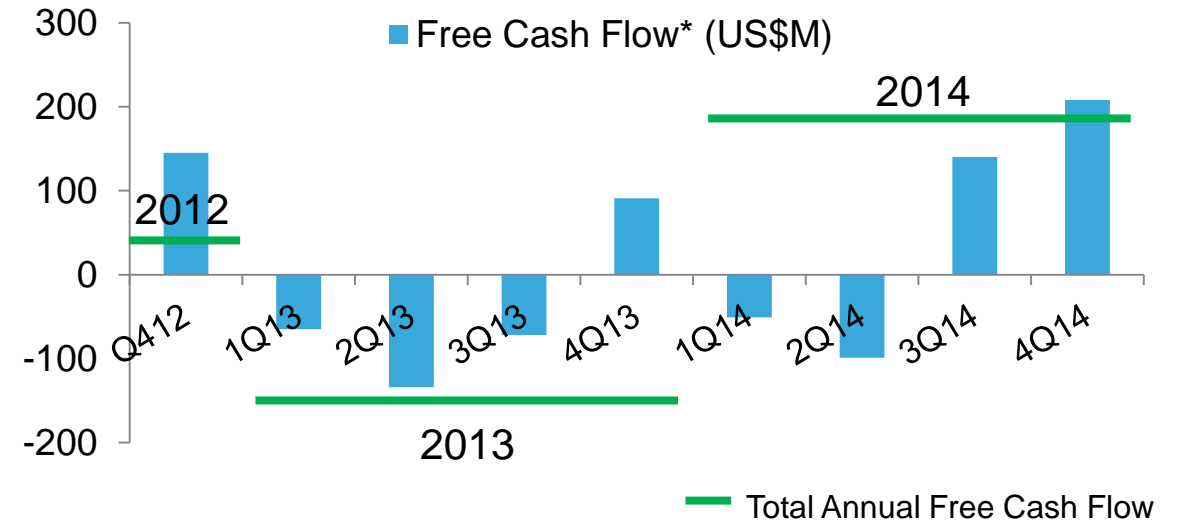
- Digital business plan involving actions targeting an annualized \$100M of operating expenses savings
 - About 15% of \$25M quarterly savings completed in 4Q14
- Quarterly net operating expenses target in the range of about \$550M to \$600M



R&D grant distribution not even due to the catch-up in 2Q14

Financial Flexibility

End of period (US\$M)	Dec 31 2014	Sept 27 2014	Dec 31 2013
Total Liquidity	2,351	2,460	1,894
Short term debt	(202)	(223)	(225)
Long-term debt	(1,603)	(1,743)	(928)
Total Financial Debt	(1,805)	(1,966)	(1,153)
Net Financial Position*	546	494	741



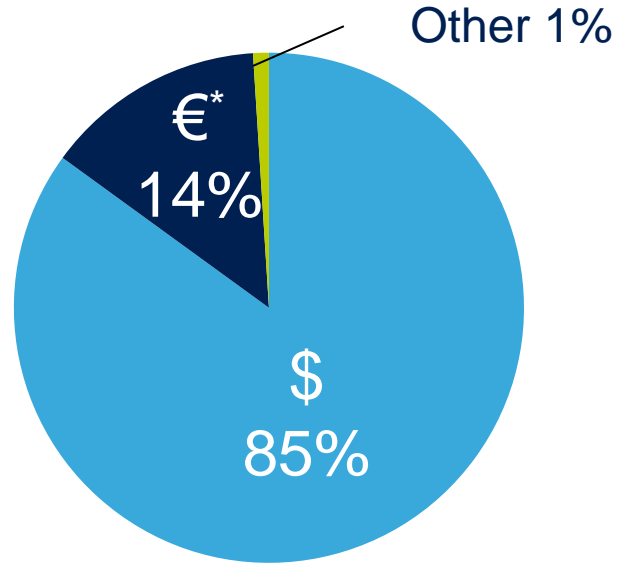
Maintaining a Strong Capital Structure

- \$197M Free Cash Flow after \$496M Capital Expenditures
- \$546M Net Cash Balance
- \$1B senior unsecured convertible bond financing in July 2014
 - Zero yield on 5-year maturity; 1% coupon on 7-year maturity
- \$583M available credit facilities undrawn
- USD \$0.10 per share dividend declared for each of 4Q14 and 1Q15

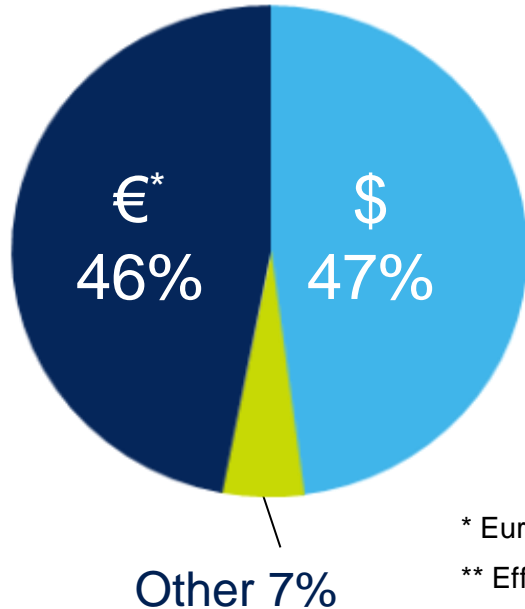
*See appendix

Currency Exposure

Revenues



~Total Costs (COGS+OpEx)



- Quarterly effect of $\pm 1\%$ change (€ / \$), before short term impact on revenues
 - $\pm \$4M$ to $\$5M$ on gross profit
 - Further $\pm \$3M$ to $\$3.5M$ on net operating expenses
- Total EBIT quarterly impact $\sim \pm \$7M$ to $\$8.5M$

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

1Q15 ~ 74% at 1.24

2Q15 ~ 49% at 1.19

3Q15 ~ 31% at 1.17

4Q15 ~ 19% at 1.15

* Euro (€) includes currencies such as MAD

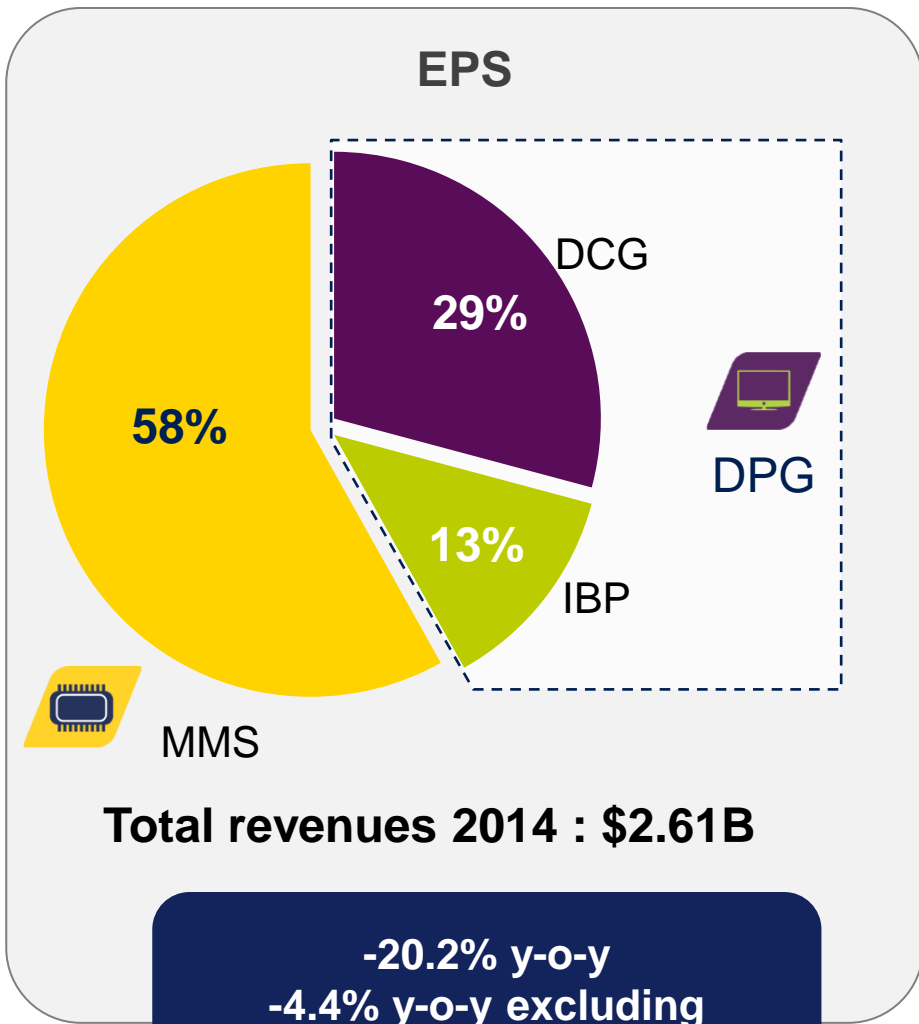
** Effective rate estimated based on outstanding hedges as of Jan 26, 2015 ; assumes € / \$ at about 1.13 going forward



- Q4 & FY14 Business and Financial Performance
- **Embedded Processing Solutions**
- Sense, Power & Automotive



EPS – Embedded Processing Solutions



Total revenues 2014 : \$2.61B

-20.2% y-o-y
-4.4% y-o-y excluding
ST-Ericsson legacy products

2 Product Groups

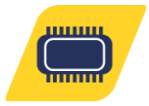
 **DPG**
 Digital Product Group
 (combining former DCG and IBP groups effective 4Q14)

 **MMS**
 Microcontroller, Memory & Secure MCU

2 Front-End Manufacturing Sites

Focus on digital CMOS (12") & derivative technologies (8"/12")
 Partnerships for process development and manufacturing





MMS – Microcontroller, Memory & Secure MCU

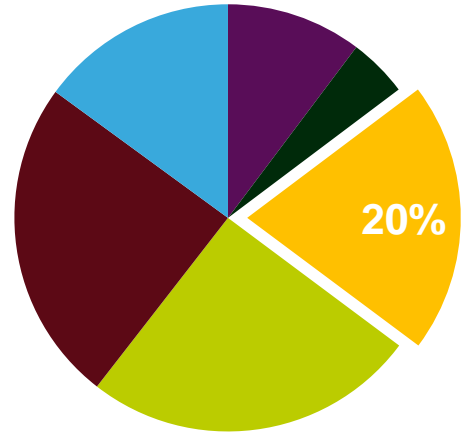
Highlights 2014

Products

- Expanded **STM32** portfolio with new low power and high performance families including the industry-first Cortex-M7 based MCU
- **STM32 Open Development Environment** launch
- Introduced next generation **secure microcontrollers** further improving performance
- New family of Wafer Level Chip Scale Package **EEPROM** for mobile applications and **2Kbit NFC tag** introduction

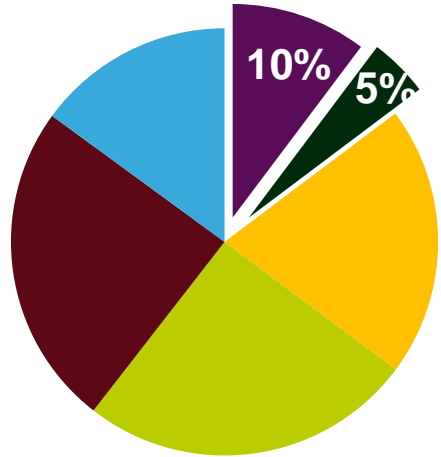
Customers

- Confirmed **32-bit leadership across a broad customer base** with the STM32 family
 - Revenue growth over 50% year-over-year
 - High number of new products qualified and major success in Sensor Hub applications
- Deployment of **STPay Program** for banking market
- Solid **Secure Element** business
- Ramp-up dedicated **EEPROM** with key mobile customers



Revenue Boosters 2015

- Further broaden STM32 product line in both **high performance** and **ultra-low power** 32-bit Cortex-M cores addressing a full spectrum of applications
- Increased Mass Market penetration benefiting from **STM32 Open Development Environment launch** and an enriched ecosystem
- Deployment of new **Flash based Dual Interface Secure** MCU for banking and ID
- Introduce **new high density EEPROM product** to reinforce leadership in key applications



Highlights 2014

Products

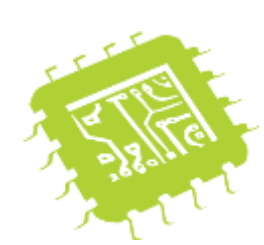
- Ramped **Liege family** in 40nm for set-top box applications and expanded the capabilities with full HD HEVC in the ARM-based **Liege 2**
- Introduced latest UltraHDp60-enabled 4K set-top box solutions based on **Cannes and Monaco** families and started shipping to lead customers
- Demonstrated full speed **DOCSIS3.1**
- Ramped **ASIC in 32nm** for networking
- Volume production of **FlightSense™** proximity sensing technology

Customers

- Continued traction of new set-top box families - Cannes, Monaco, Liege, Liege2, Alicante
 - Over 170 identified **design-in opportunities** with timing to ramp depending on customer projects
- Continued traction of **28nm FD-SOI** technology and first designs awards in **14nm FD-SOI** for networking
- FlightSense™ proximity sensor adopted and launched by a **major smartphone OEM**
- New ASIC projects momentum continues with 20+ new designs in **BiCMOS, RF-SOI and Silicon Photonics**

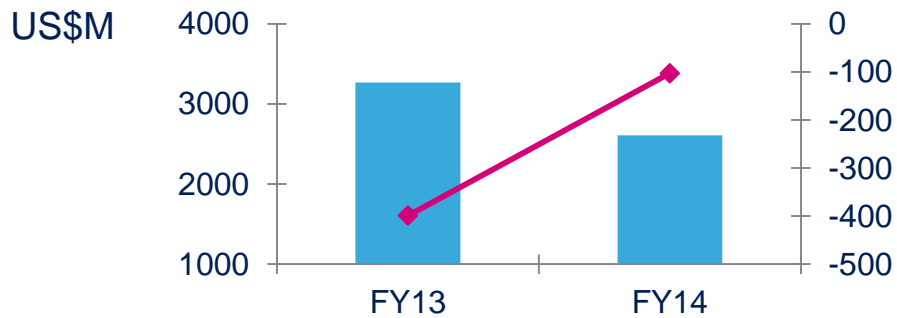
Revenue Boosters 2015

- **ASICs** in 32nm for the networking market
- **New products** for set-top box and home gateway market
 - About **70 new boxes** expected to enter production during the course of 2015
- Continued strong momentum in **BiCMOS** and **Silicon Photonics**
- **Mixed Process** devices for networking



Embedded Processing Solutions

FY14 Operating Loss = \$103M



Revenue Operating Loss *

- Lower loss mainly due to
 - Wind down of ST-Ericsson
 - Funding for Nano2017
 - 2013 cost reduction initiatives

Operating Margin Improvement Drivers in 2015

- Expansion of several key new products both in MMS and DPG
- Cost reduction driven by the 2014 Digital business plan
- Discontinuation of commodity camera modules
- Strong improvement in manufacturing performance

Operating Margin Mid-term Target About 5%

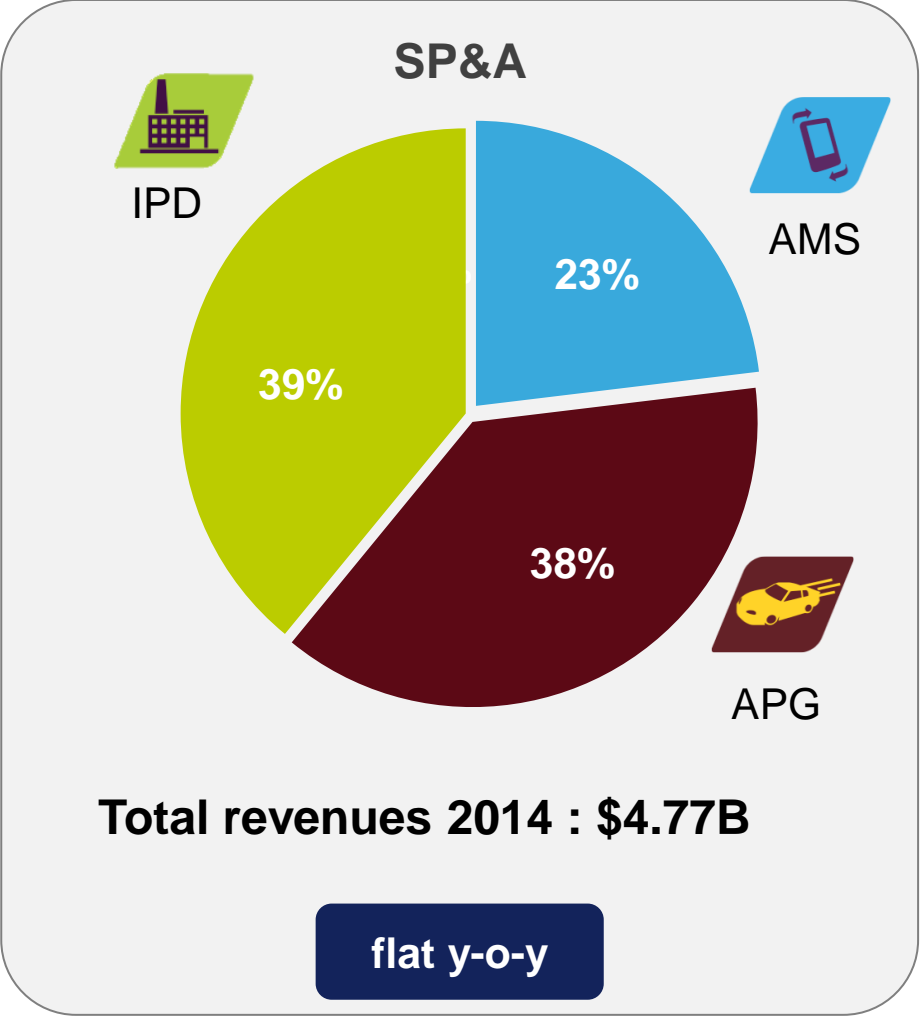
* Operating Income / loss before impairment, restructuring charges. Unused capacity charges are reported in the Group "Others"



- Q4 & FY14 Business and Financial Performance
- Embedded Processing Solutions
- Sense, Power & Automotive



SP&A – Sense & Power and Automotive



3 Product Groups

<p>AMS Analog, MEMS and Sensors</p>	<p>IPD Industrial & Power Discrete</p>	<p>APG Automotive Product Group</p>
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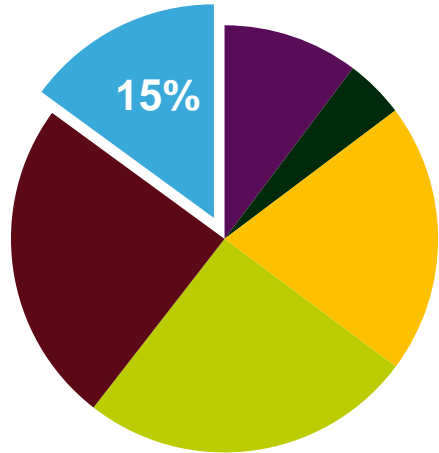
4 Front-End Manufacturing Sites

Focus on analog, power and MEMS technologies





AMS – Analog, MEMS & Sensors



Highlights 2014

Products

- Set new benchmarks with latest **6-axis ultra-low-power** motion MEMS for the consumer market
- Open.MEMS: easy licensing of **sensor fusion SW**
- Launched industry's smallest 6-axis motion sensor qualified for **automotive applications** (non-safety)
- Strengthened portfolio for **microphones, touch-screen** controllers and **environmental** sensors
- New technologies: **Piezoelectric** for micro actuation, **Thelma 60** for high-end motion MEMS

Customers

- Strong growth in **microphone & touch-screen** controller sales
- Ramp in **MEMS for Automotive** and first design win for combo motion MEMS for active safety
- Good momentum with **Bluetooth Low Energy** solution
- Strong growth in **China**: ST MEMS were adopted in over 60 new phone models from 12 companies in 2014
- Leadership position in MEMS for **wearable**: Expanded from motion to environmental

Revenue Boosters 2015

- Grow **new generation 6-axis ultra-low power motion MEMS** with key customers
- Continued expansion of **touch-screen controllers & MEMS microphones** business
- Wider adoption of **environmental sensors**
- Addressing **Mass Market** through STM32 Open Development Environment and Open SW solutions
- **Automotive MEMS** ramp up
- **Bluetooth Low Energy** for Internet of Things applications



IPD – Industrial & Power Discrete

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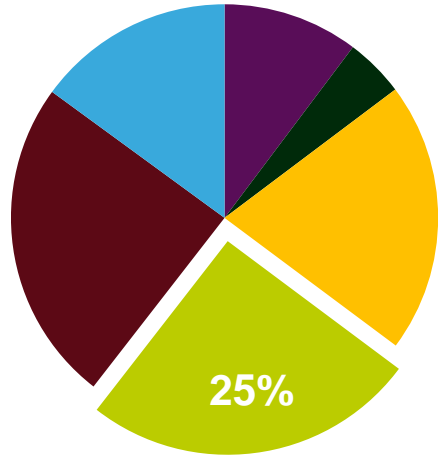
Highlights 2014

Products

- Best-in-class, very high efficiency **power management chipset for servers**
- Added industry-leading **galvanic isolation technology** for industrial applications
- Enlarged **digital power solution** family for **lighting and power supply**
- Launched best-in-class **1200V Silicon Carbide (SiC) transistors**
- Expanded **automotive** product portfolio on **rectifiers, SiC diodes, thyristors** and **ESD/EOS protection**

Customers

- Solid growth in **LED lighting** (digital and analog solutions) with market leaders
- Strong growth in STSPIN™ motor control ICs and Intelligent Power Modules (IPM) for **appliance and industrial applications**
- Volume shipments of Field-Effect Rectifier Diodes(FERD) to leading **mobile phone charger manufacturers**
- Ramp-up of high voltage rectifiers and transistors at a leading **electric car maker** in America



Revenue Boosters 2015

- Customer base expansion in target markets through **distribution and mass market**
- Advanced **low voltage trench MOSFETs** for industrial and server
- 650 & 1200 V **Intelligent Power Modules** for industrial
- Expand **AMOLED** power supply leadership and **Power Management ICs (PMIC)** for smartphones and portable
- **RF modules** with RF couplers, baluns, diplexers and filters in America and Japan
- **SiC schottky** diodes in **servers, telecom and automotive** power conversion systems





APG – Automotive Product Group

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Highlights 2014

Products

- Leveraged our technology leadership to achieve double digit growth in **VIPower**
- Expanded portfolio of **32-bit microcontrollers** doubling shipments as design wins start to ramp
- Introduced industry-leading **digital radio, class D audio amplifier** and **global positioning** products
- Production maturity of 3rd gen. **ADAS Vision Processor** and developing the 4th gen. in FD-SOI
- Strong market momentum in **smart power** with our 110nm BCD9S

Customers

- Strong growth across **all customers and applications** including **distribution**
- Significantly expanded footprint with **key OEMs**
- Strengthened leadership in **China** in engine management, body and audio applications
- Strong momentum in **Japan** thanks to our independent manufacturing strategy and secured supply chain

25%

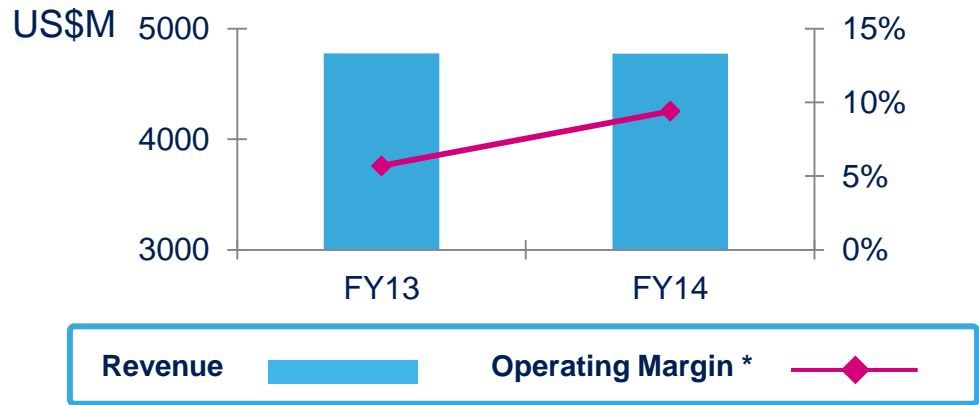
Revenue Boosters 2015

- **Active safety** (camera and radar-based) products thanks to growing penetration of these products in the market
- Continue to gain market share in **32-bit microcontrollers** thanks to our strong design-win pipeline
- Further **broadening of customer base** with distribution and in the mass market leveraging our capability to support full system development in automotive
- Growing revenues derived from **leading-edge technologies**: embedded flash on 300mm, smart power and VIPOWER



Sense & Power and Automotive

FY14 Operating Margin = 9.4%



Margin increase reflecting significant improvement across a number of product families

Operating Margin Improvement Drivers in 2015

- Product mix improvement
 - New product and technology introduction
 - Product portfolio optimization
- Continue expansion in Mass Market and Distribution
- Manufacturing efficiency improvement
- Investment in assembling and testing capacity on selected packages

Operating Margin Mid-term Target in the range of 10-15%

* Operating Income before impairment, restructuring charges. Unused capacity charges are reported in the Group "Others"

Highlights 2014

Expand our customer base

- Significant revenue growth with the Core Key Accounts
- Grew number of channel accounts

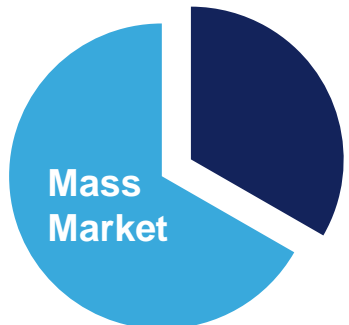
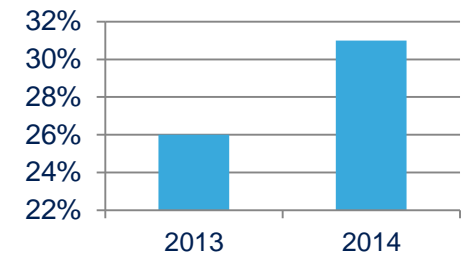
Promote leading applications & products

- Launched the STM32 Open Development Environment
- Over 80k STM32 Nucleo Development and Expansion boards shipped

Stronger collaboration with channel partners

- Design wins up over 50% year-over-year
- Grew distribution revenues to 31% of sales in 2014

Distribution (as % of total revenues)



(as % of total revenues)

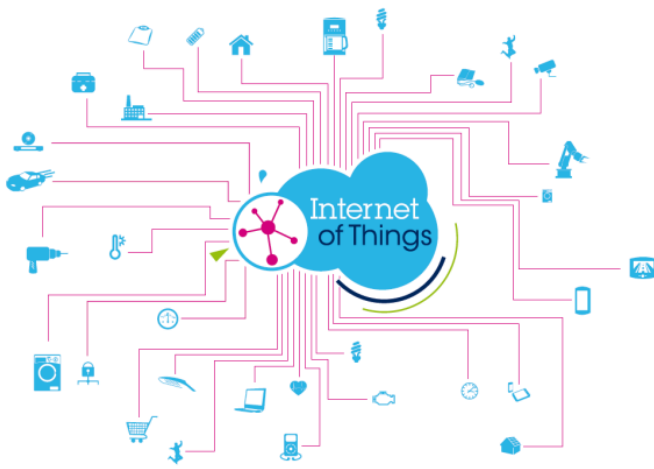







life.augmented

Focus 2015

- Continue to grow business with our **Core Key Accounts** and further grow the number of **Channel Accounts**
- Expand **STM32 Open Development Environment** with Software & Nucleo Development & Expansion boards
- Strengthen global **distribution demand creation** programs leveraging our flagship products
- Expand our **online presence** with enhanced support capabilities for mass market customers

ST in the Internet of Things

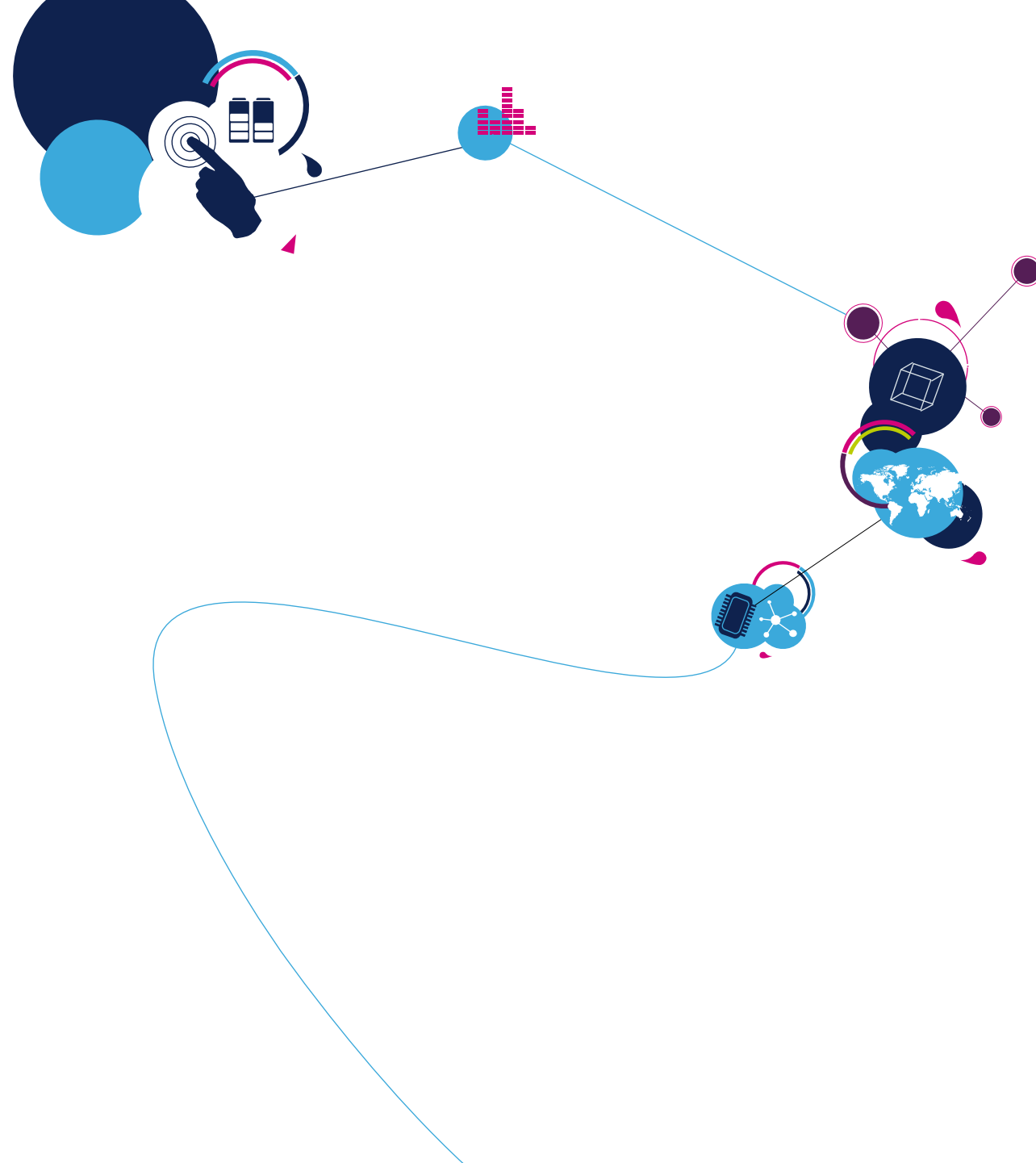


-  Sensors
-  ULP Microcontrollers & Memories
-  Ultra-low power connectivity
-  Analog and mixed signal components
-  Power and energy management



Closing Remarks

Carlo Bozotti
President and CEO

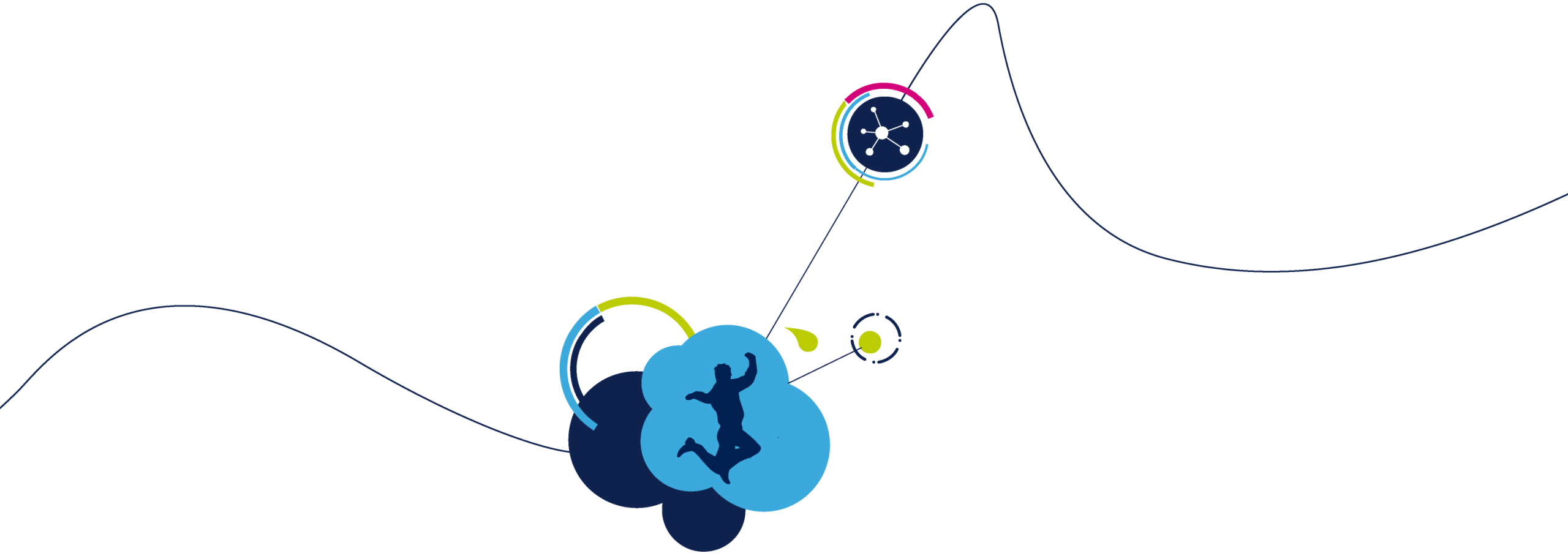


ST's mid-term quarterly operating margin goal is about 10%

Quarterly revenues of about \$2 billion

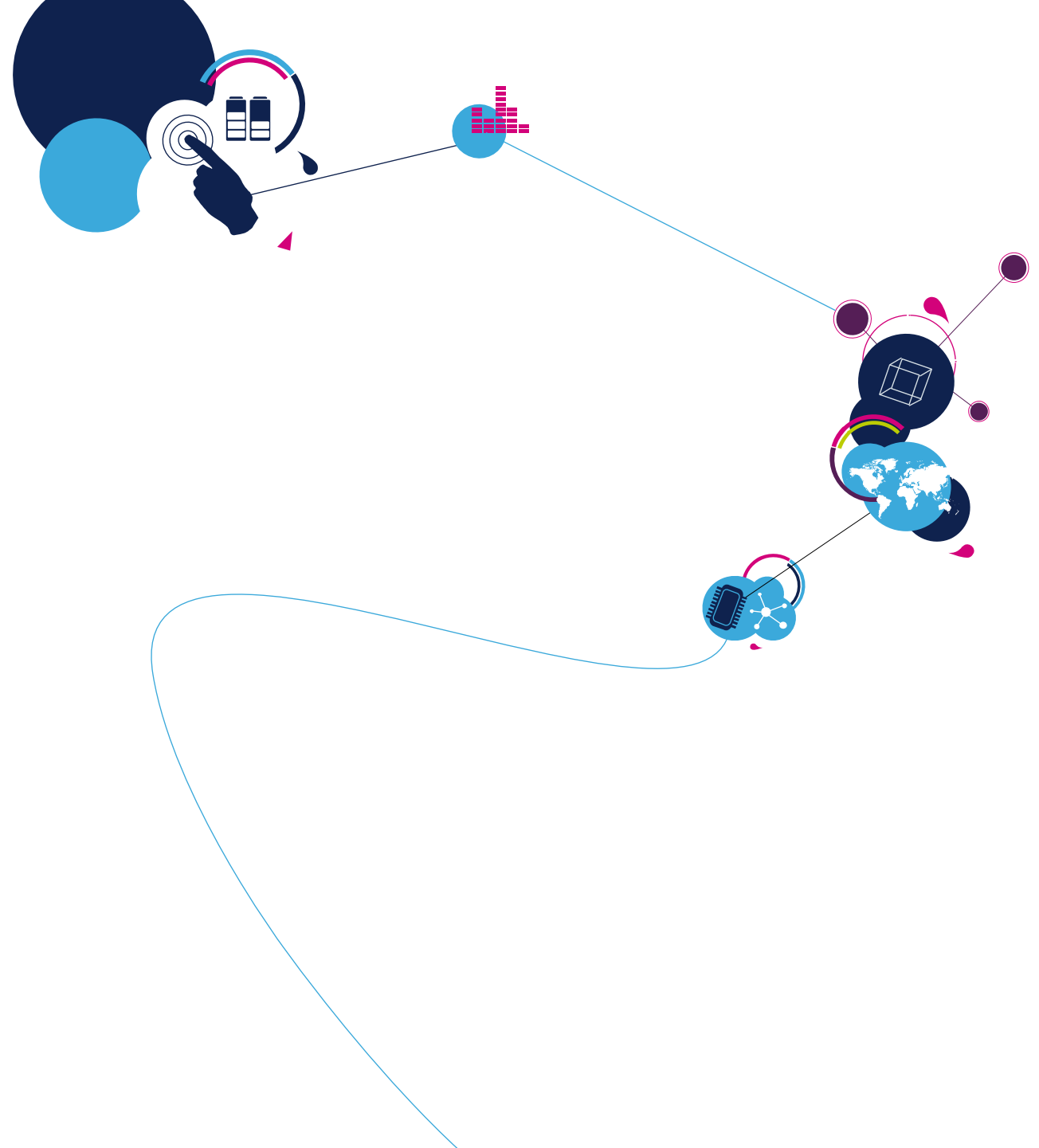
Gross margin in the range of 36% to 38%

Quarterly net operating expenses in the range of \$550 million to \$600 million*



Questions & Answers

Appendix



Pre-Tax Items to Adjusted Earnings*

OPERATING RESULT	<i>In US\$M</i>	4Q13	3Q14	4Q14
	NET EARNINGS	U.S. GAAP Net Earnings	(36)	72
Impairment & Restructuring Charges		29	38	20
Estimated Income Tax effect of Adjustment		(6)	7	(2)
Adjusted Net Earnings*		(13)	117	61

- **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 net cash variation for joint ventures 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..
- **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 attributable to ST and other one-time items net of the relevant tax impact.