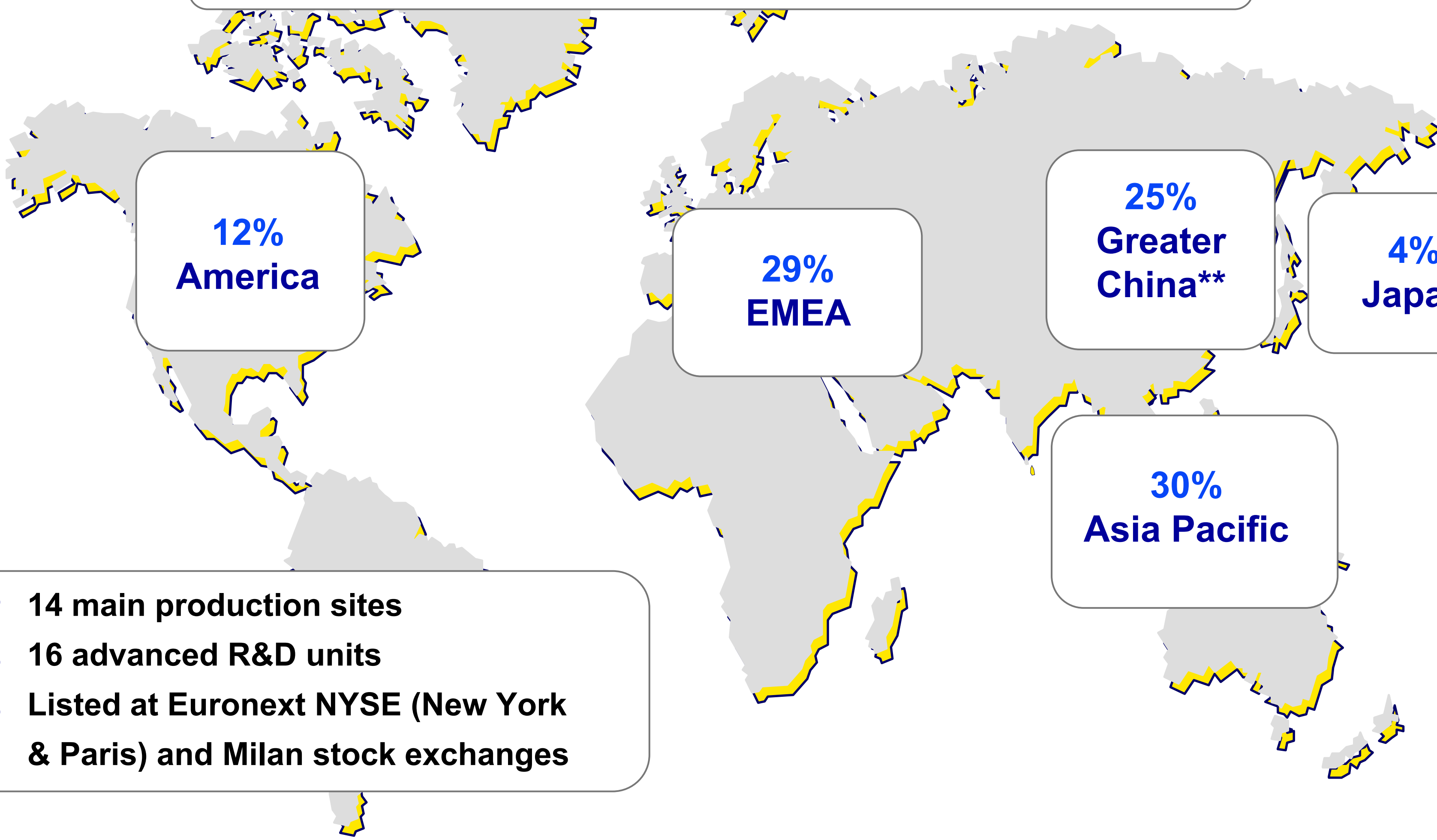
Q2 2009 Financial Results

STMicroelectronics:
A Global Semiconductor Company

Q209 Reported Revenues*: $1.99B



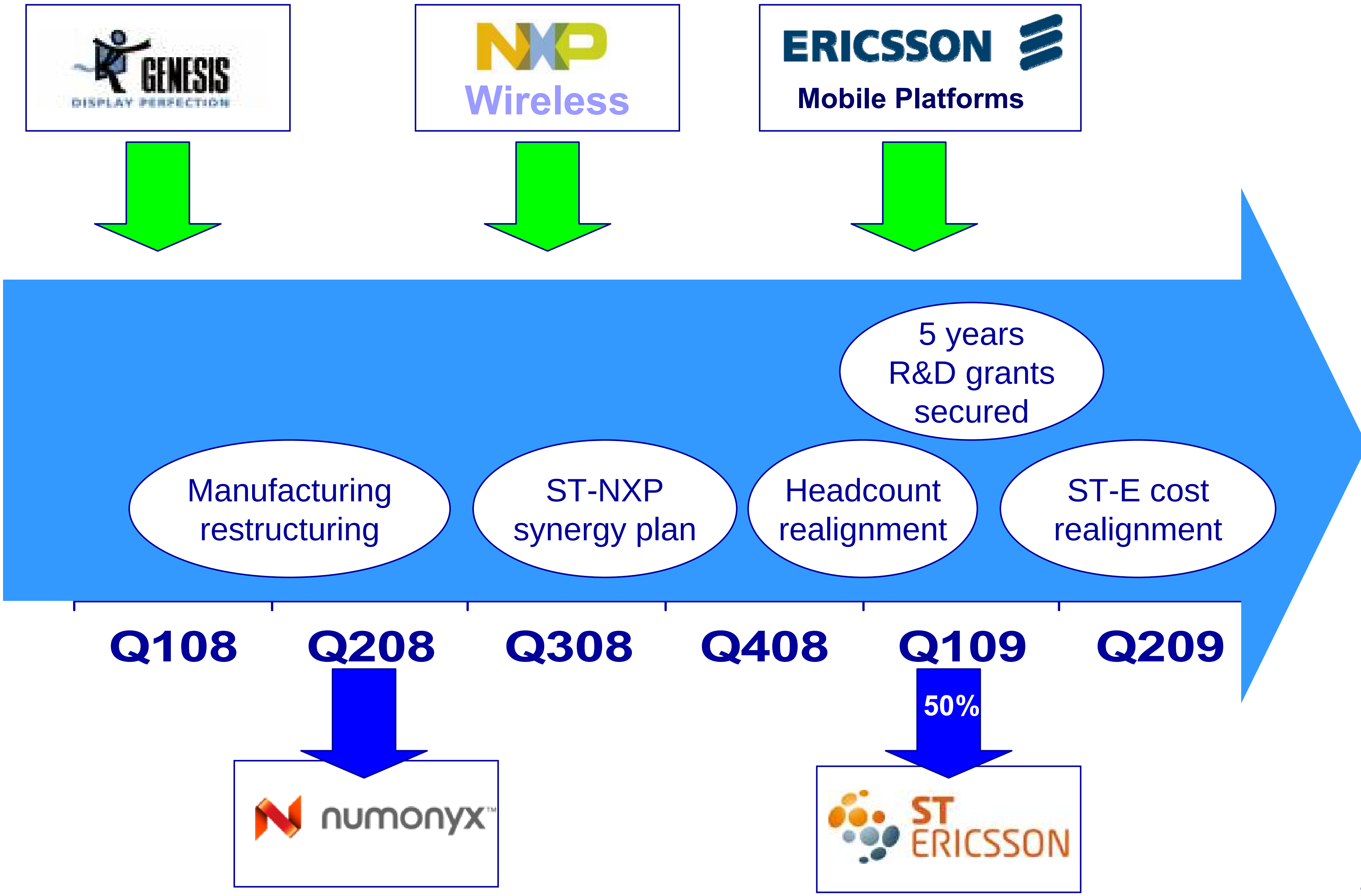
- 14 main production sites
- 16 advanced R&D units
- Listed at Euronext NYSE (New York & Paris) and Milan stock exchanges

* By location of order shipment
** China, Taiwan, Hong Kong

Q209 Highlights

- Revenue of $1,993 million, up 20% sequentially and above high-end of internal plans
  - Driven by Computer, Automotive, Telecom & Industrial
- Gross margin of 26.1% to an anticipated extraordinary low level
  - $121 million unused capacity charges
  - Impact of inefficiencies related to manufacturing operations
  - Negative mix impact driven by market demand in China
- Inventory reduced by $207 million
  - Inventory turns improved to 4.1 from 2.9 sequentially
- Net Operating Cash Flow turned positive to $45 million excluding M&A

Reshaping ST's Product Portfolio

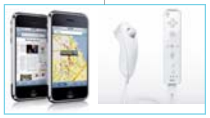


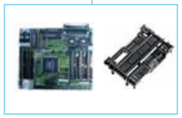
Business Segments

ST

- **Wireless**
  - ST Ericsson
- **Automotive, Consumer, Computer and Communication Infrastructure ("ACCI")**
  - Home Entertainment & Displays
  - Computer & Communication Infrastructure
  - Automotive Products Group
- **Industrial and Multisegment Sector ("IMS")**
  - Analog, Power and MEMS
  - Microcontrollers, Memories and Smartcards

Products





Market Position*					
	Wireless: #2	**Consumer: #1 in Set Top Box**	**Computer: #2 (HDD & Printers)**	**Automotive: #3**	**Industrial: #1**

Major Customers

Nokia, Sony Ericsson, Samsung, LG, Ericsson, Motorola, Sharp, Huawei

RIM, Thomson, LG, Sony, Philips, Hyundai, Pace, ADB, Sagem, Garmin

Dell, Seagate, Cisco Systems, Western Digital, hp, Alcatel·Lucent, intel, Asus, Microsoft, Medtronic

Continental, Denso, Delphi, Bosch, Hitachi, Pioneer, Matsushita Panasonic, APC, Magneti Marelli, Sirius Satellite Radio, Nintendo

Siemens, Enel, NDS, UPEK, Delta, gemalto, Astec

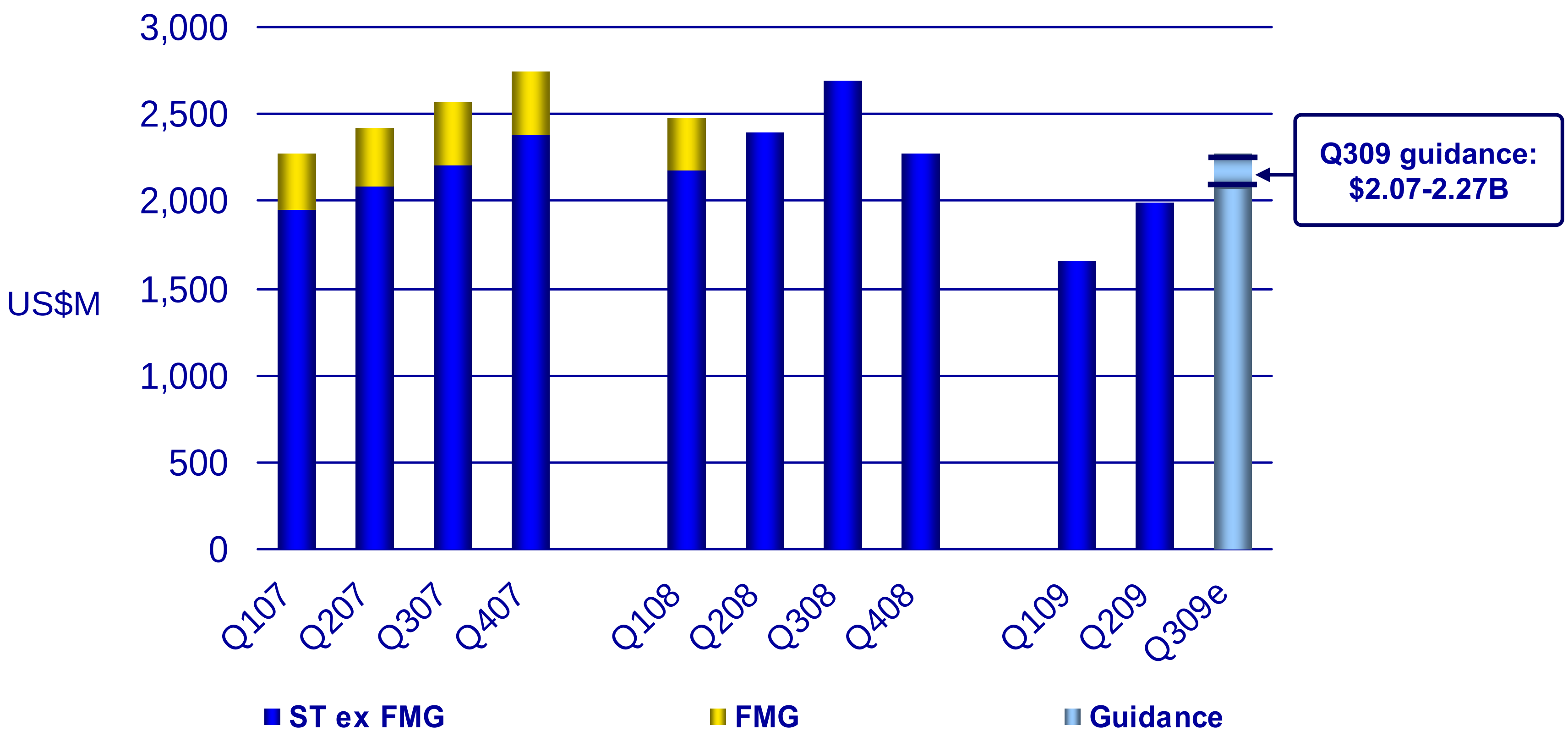
* Source: iSuppli, March 2009, ST and ST-Ericsson, the 50/50 joint venture with Ericsson

ST Total Revenues

Q209 Revenues = $1.99B

+20.1% sequentially, driven by stronger-than-expected performance across most market segments and in China and Asia Pacific

-16.6% y-o-y, M&A activities partially compensating for weak industry conditions

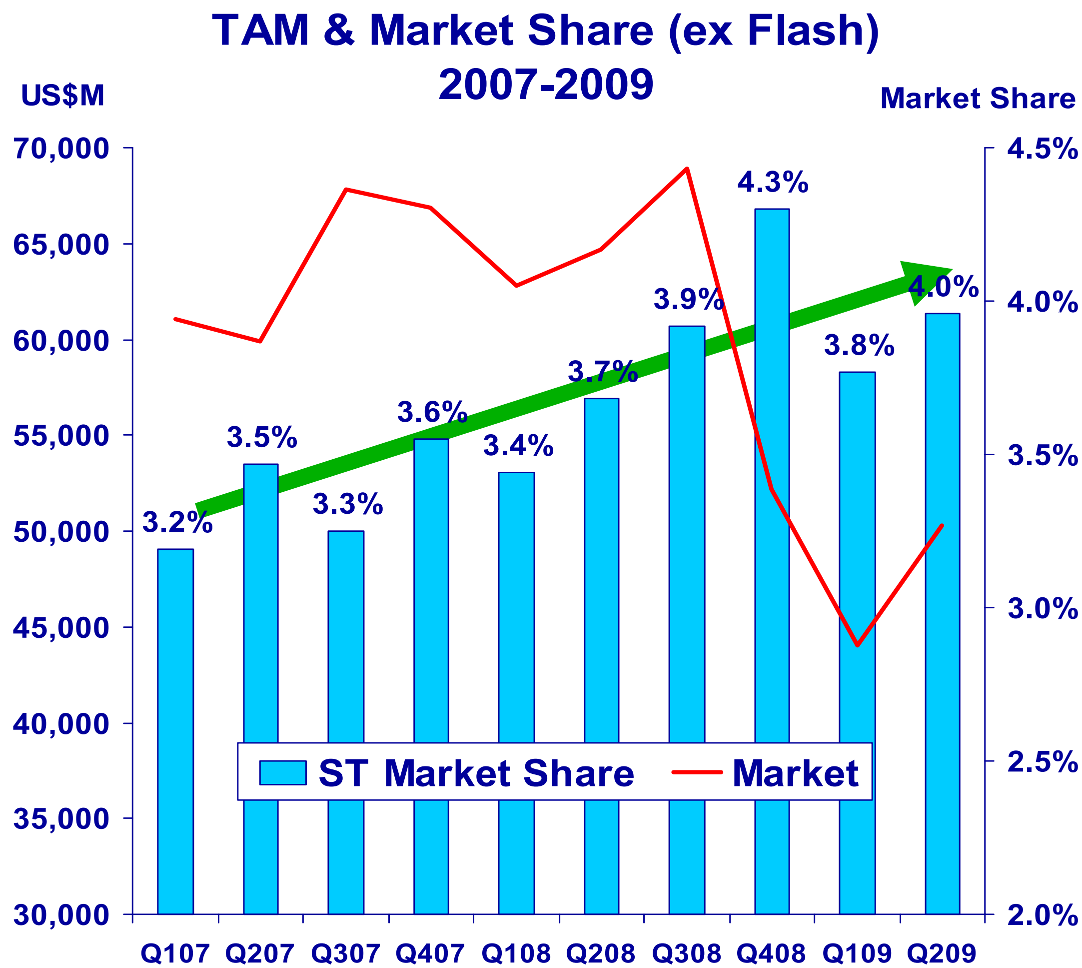


Note: FMG (Flash Memories Group) deconsolidated on March 30, 2008, NXP Wireless contribution starting August 2, 2008, EMP contribution starting February 2, 2009

ST Worldwide Market Share*

Key marketing initiatives and innovative products are driving market share gains

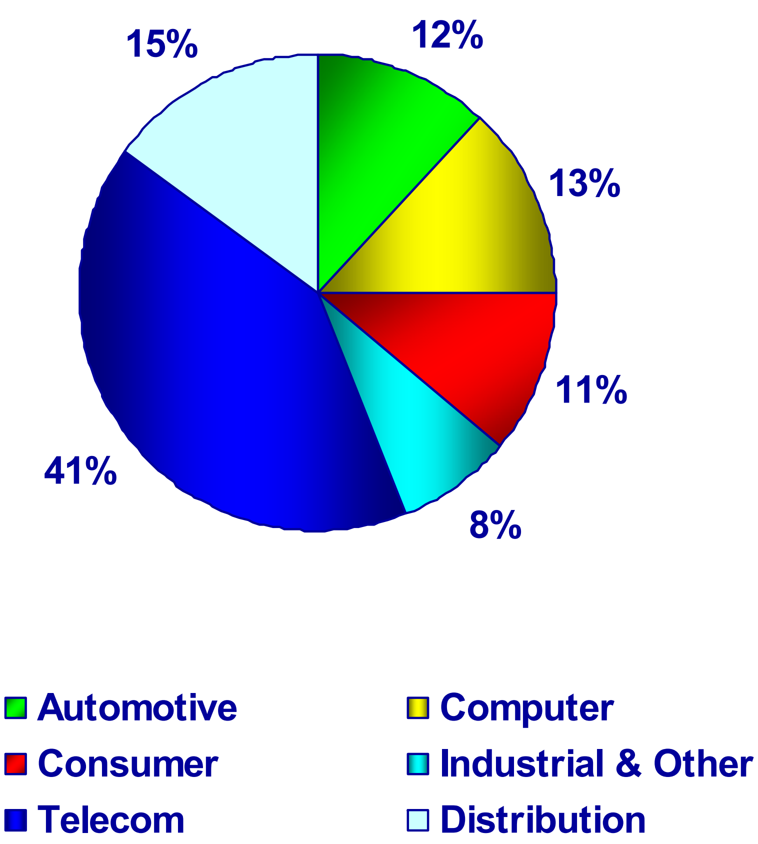
- New Key Accounts
- Mass Market
- Japan
- China



*Source: ST Estimate & WSTS, March 2009

Revenues by Market Segment / Channel*

Q209 Sales: $1.99B



Q209 Sequential:

• Computer	+36%
• Automotive	+19%
• Telecom	+14%
• Industrial	+7%
• Consumer	+1%
• Distribution	+44%

(*) Sales recorded by ST-Ericsson and consolidated by ST are included in Telecom and Distribution

New Products

Digital Consumer

- **Design-wins in multiple markets in set-top-boxes,** most significantly for two new deployments for IPTV platforms in Europe
- **Increased penetration in flat-panel TVs** with major design wins for a video-display processor from tier-one OEMs
- Design-wins at three tier-one OEMs for **DisplayPort-to-VGA** Converter products

Automotive

- **Further success in China** including two important design-wins for powertrain and safety application, various wins for body-control modules and first orders for a new highly integrated AM/FM tuner IC from several car radio makers

Computer Peripherals

- **Design win from a leading HDD manufacturer** for a next-generation motor controller IC **for mobile applications**

Imaging

- **ST announced cooperation with Soitec** for the development of wafer-level BSI technology on 300mm wafers for next-generation CMOS Image sensors

New Products

MEMS

- **Introduction of a new family of single- and multi-axis MEMS gyroscopes**, delivering superior performance and reliability for angular-motion detection
- **Several key design wins for motion-sensing MEMS accelerometers** from world-leading consumer companies for next-generation mobile products

Smartcard & Microcontrollers

- ST's robust SRT512 chip used in **an RFID-based system for re-usable single-journey ticketing in mass transportation**, recently gone live on the Seoul Subway (South Korea)
- Introduction of **an ultra-low-power technology platform for 8-bit and 32-bit microcontrollers**, enabling next-generation power-savings products

Power & Advanced Analog

- **First design-in for its MDmesh™ V MOSFET** technology for a high-end power-conversion application, along with a number of design wins in computer power-management systems.
- **Key win for the "S-Touch" touch-sensor controller IC** with a world leader in PCs
- **Introduction of VIPerPlus, a family of AC-DC converters**, for intelligent and more rugged energy-saving power supplies

New Products: ST-Ericsson

- **Strategic partnership with China Mobile** to drive development of both high-end and low-cost handsets, based **on 3G standard TD-SCDMA**

- **Strengthened partnership with Samsung** by providing an innovative platform for its **first high-end TD-SCDMA/EDGE device** for China's mobile broadband market

- **Mass production of the highly integrated RF transceiver solution** to reduce cost and system footprint in 3G handsets

Financial Performance

In US$M, except EPS	Q208	Q109	Q209
Net Revenues	**2,391**	**1,660**	**1,993**
Gross Margin – Reported	**36.8%**	**26.3%**	**26.1%**
Adjusted Operating Profit* Adjusted Operating Margin*	**159** 6.7%	**(337)** -20.0%	**(342)** -17.2%
Net Income – Reported	**(47)**	**(541)**	**(318)**
EPS Diluted **Adjusted EPS Diluted***	(0.05) **0.18**	(0.62) **(0.31)**	(0.36) **(0.28)**
Net Operating Cash Flow before M&A**	**128**	**(139)**	**45**
Effective Exchange Rate €/$	**1.55**	**1.33**	**1.34**

*See next slide

**Net operating cash flow is defined as net cash from operating activities minus net cash used in investing activities, excluding payment for purchases of and proceeds from the sale of marketable securities (both current and non-current), short-term deposits and restricted cash. We believe net operating 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. Net operating 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 net operating cash flow may differ from definitions used by other companies.

Pre-Tax Items to Adjusted Earnings*

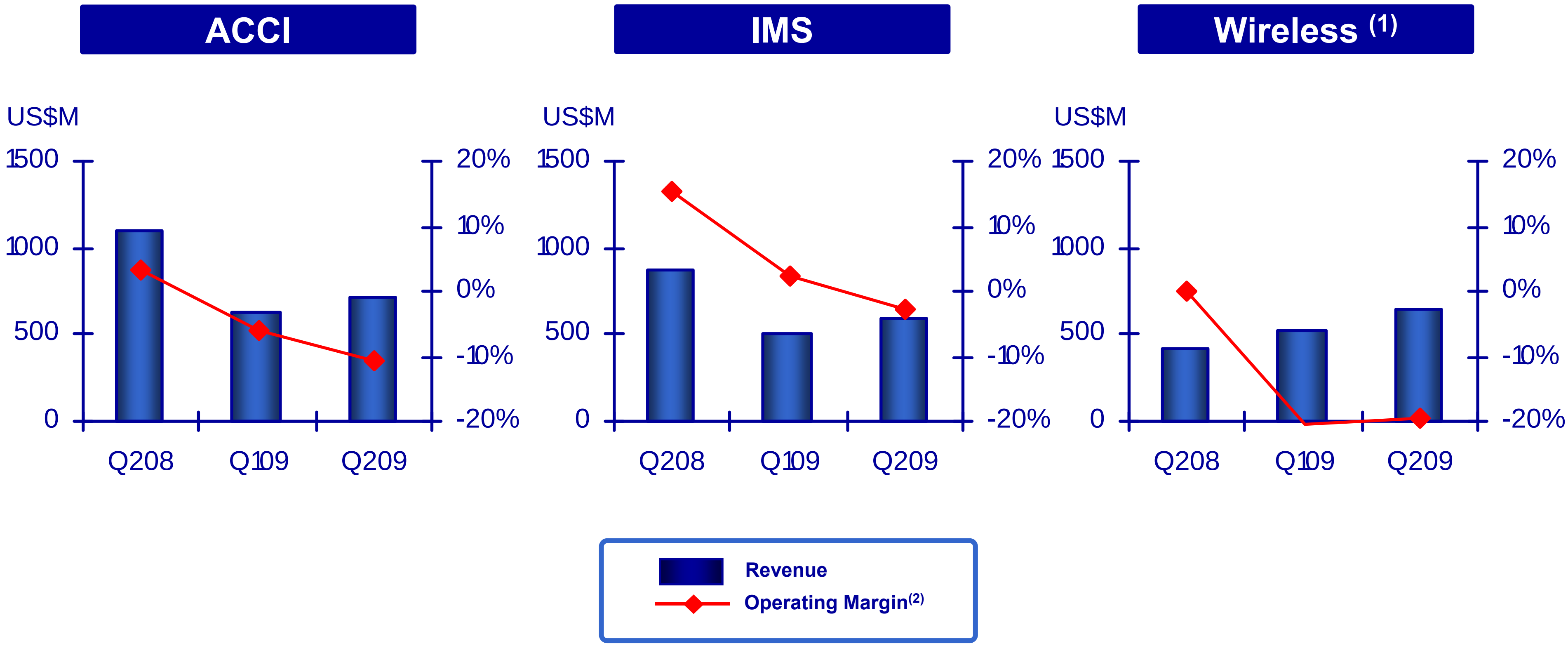
OPERATING INCOME

NET EARNINGS

In US$M	Q208	Q109	Q209
U.S. GAAP Net Earnings	**(47)**	**(541)**	**(318)**
Impairment & Restructuring Charges	185	56	74
Other-than-Temporary Impairment	39	58	13
Numonyx Impairment		200	
Estimated Income Tax effect of Adj.	(13)	(40)	(12)
Adjusted Net Earnings*	**164**	**(267)**	**(243)**

* Adjusted Net Earnings is a non-GAAP measure and is used by the Company's management to help enhance an understanding of ongoing operations and to communicate the impact of the excluded items. Non-GAAP earnings excludes impairment, restructuring charges and other related closure costs, the impact of purchase accounting (such as in-process R&D costs and inventory step-up charges), other-than-temporary impairment charges on financial assets and impairment related to equity investments, net of the relevant tax impact.

Product Segments:
Revenue & Operating Margin Trends



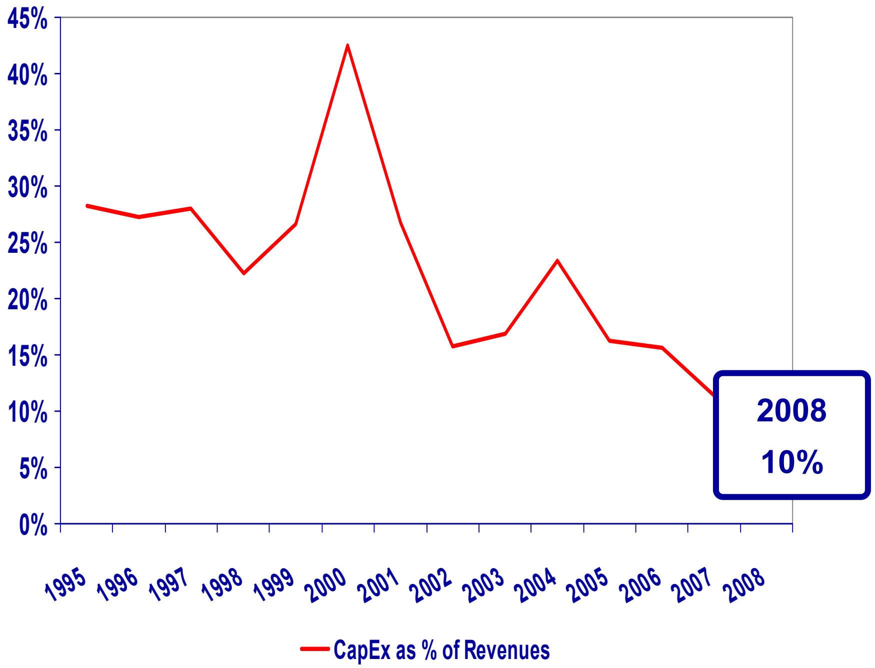
(1) As of February 3, 2009, “Wireless” includes the portion of sales and operating results of the ST-Ericsson joint venture as consolidated in the Company’s revenues and operating results, as well as other items affecting operating results related to the wireless business.

(2) Segment operating results exclude, among others, unsaturation charges.

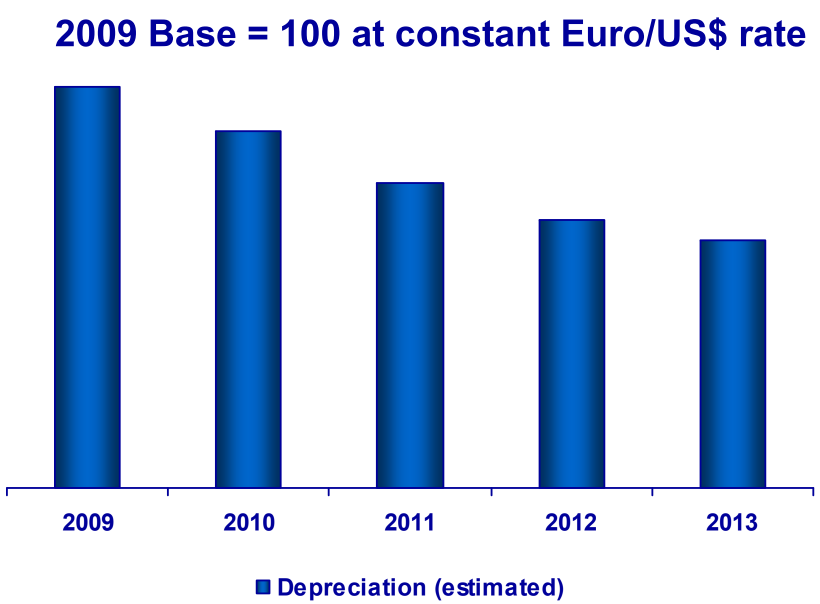
Management of Assets: CapEx

- **Closure of Carrollton, Texas Fab in Q209**
- **$74M CapEx in Q209, $163M Capex in H109**
  - **Capex plan for 2009 ≤$500M**
  - **50% reduction compared to $981M in FY08**

CapEx to Sales Ratio

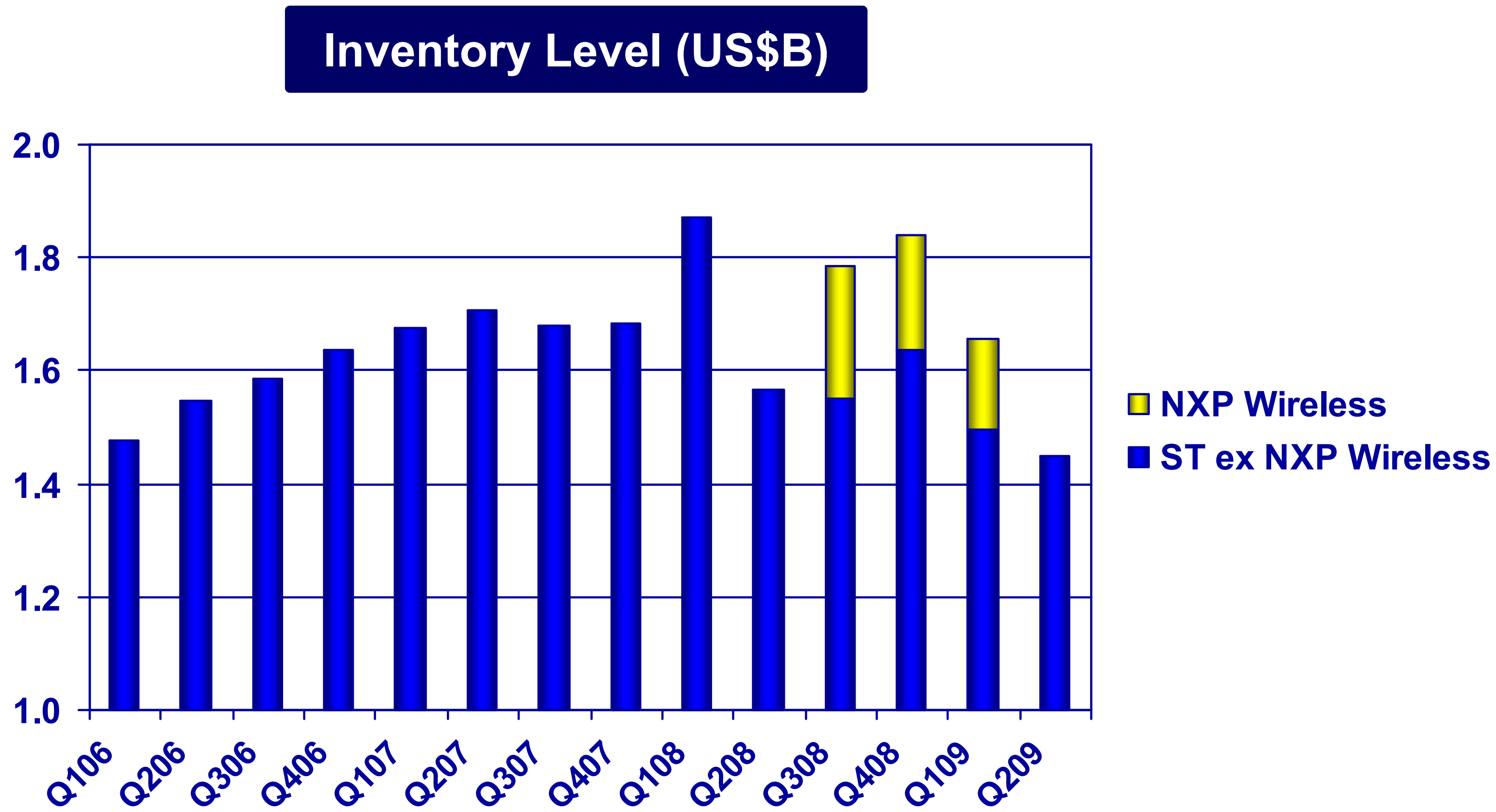


Depreciation

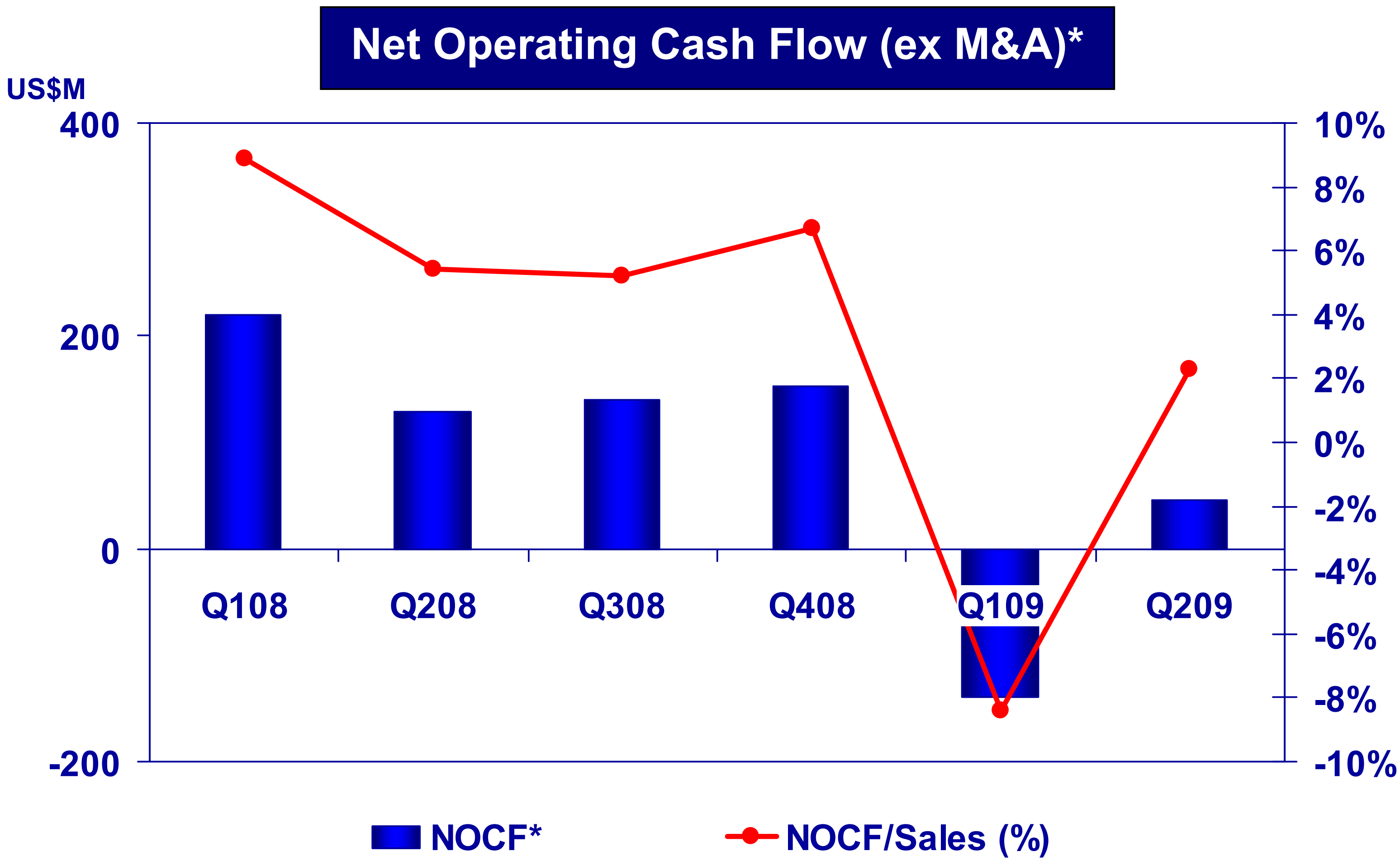


Management of Assets: Inventory

- Inventory reduced by $207M in Q209, by $391M in H109
- Inventory turns improved to 4.1x in Q209 from 2.9x in Q109
- Targeting further acceleration of inventory turns



Net Operating Cash Flow



*Net operating cash flow is defined as net cash from operating activities minus net cash used in investing activities, excluding payment for purchases of and proceeds from the sale of marketable securities (both current and non-current), short-term deposits and restricted cash

Balance Sheet Highlights

End of period In US$M	31 December 2008	28 March 2009	27 June 2009
Total Assets	13,913	14,191	14,210
Total Equity	8,432	8,954	8,666
Total Cash Position (*)	2,152	2,899	2,864
Net Financial (Debt)/Cash Position	(545)	254	205
Inventory Turns	3.1x	2.9x	4.1x
Net Asset Turns	1.1	0.8	1.0

(*) Including non-current marketable securities and cash restricted at JV

Progress in Lowering the Breakeven Point

Substantially in line with the estimated $750M cost savings expected in 2009

➢ COGS	~ $200M
➢ OPEX	~ $420M
➢ Support to technology R&D	~ $130M

Note: Based on Q408 annualized except for ST-Ericsson synergies Phase II plan with a base of Feb-March 2009

Realized in H109

- Operations discontinued in Ain Sebaa assembly plant and Carrollton fab. Capacity reduced in Phoenix.
- Headcount reduction of 3’485 in Manufacturing and 850 in Opex.
- About 40% of expected opex reduction for FY09 visible in Q209.
- Nano2012 Framework agreement signed, leading to the recognition of $130M Technology R&D grants over FY09

$ 1 billion total plan including ST-Ericsson Phase II to be completed by mid-2010

Guidance for Q309

- Revenue: $2.07 billion to $2.27 billion, up sequentially about between 4% to 14%

- Gross margin: 31%, plus or minus two percentage points, based on planned 75% fab utilization

This outlook is based on an assumed effective currency exchange rate of approximately $1.37 = €1.00 for the 2009 third quarter, which reflects an assumed exchange rate (about $1.41 = €1.00) combined with the impact of existing hedging contracts (hedged rate: $1.33= €1.00)

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 in such statements due to, among other factors:
  - Effect of the current economic downturn on demand in the key application markets and from key customers served by our products, and changes in customer order patterns, including order cancellations, all of which generate uncertainties and make it extremely difficult to accurately forecast and plan our future business activities;
  - our ability to adequately utilize and operate our manufacturing facilities at sufficient levels to cover fixed operating costs, as well as the financial impact of obsolete or excess inventories if actual demand differs from our anticipations;
  - the impact of intellectual property claims by our competitors or other third parties, and our ability to obtain required licenses on reasonable terms and conditions;
  - the outcome of ongoing litigation as well as any new litigation to which we may become a defendant;
  - our ability to successfully integrate the acquisitions we pursue, in particular the successful integration and operation of ST-Ericsson in the current difficult economic environment;
  - we hold significant non-marketable equity investments in Numonyx, our joint venture in the flash-memory market segment, and in ST-Ericsson, our joint venture in the wireless segment. Additionally, we are a guarantor for certain Numonyx debts. Therefore, declines in these market segments could result in significant impairment charges, restructuring charges and gains/losses on equity investments;
  - our ability to manage in an intensely competitive and cyclical industry, where a high percentage of our costs are fixed and are incurred in currencies other than U.S. dollars as well as our ability to execute our restructuring initiatives in accordance with our plans if unforeseen events require adjustments or delays in implementation;
  - our ability, in an intensively competitive environment, to secure customer acceptance and to achieve our pricing expectations for high-volume supplies of new products in whose development we have been, or are currently, investing;
  - the ability to maintain solid, viable relationships with our suppliers and customers in the event they are unable to maintain a competitive market presence due, in particular, to the effects of the current economic environment;
  - changes in the political, social or economic environment, including as a result of military conflict, social unrest and/or terrorist activities ,economic turmoil, as well as natural events such as severe weather, health risks, epidemics (including the potential impact of swine flu on our operations or those of our customers) or earthquakes in the countries in which we, our key customers or our suppliers, operate; and
  - changes in our overall tax position as a result of changes in tax laws or the outcome of tax audits, and our ability to accurately estimate tax credits, benefits, deductions and provisions and to realize deferred tax assets.
- 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," "will," "will continue," "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, 2008, as filed with the SEC on May 13, 2009. 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.
- Unfavorable changes in the above or other factors listed under "Risk Factors" from time to time in our Securities and Exchange Commission ("SEC") filings, including our Form 20-F, could have a material adverse effect on our business and/or financial condition.