

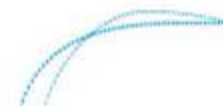


Q4 & FY 2008 Financial Results



Agenda: ST Q4 & FY 2008 Financial Results

<i>Time</i>	<i>Presentation</i>	<i>Speaker</i>
11:00	Welcome & Introduction Business & Financial Overview Wireless Strategy & Achievement Strategic Overview	Tait Sorensen Carlo Ferro Alain Dutheil Carlo Bozotti
	Q&A Panel	
12:45	Lunch	





Business & Financial Overview

Carlo Ferro
Chief Financial Officer



STMicroelectronics: A Global Semiconductor Company

FY08 Reported Revenues: \$9.84B

**12%
North
America**

**29%
Europe**

**25%
Greater
China***

**5%
Japan**

**22%
Asia Pacific**

**7%
Emerging
Markets****

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

* China, Taiwan, Hong Kong

**India, Russia, Africa, Latin America, Middle East



FY08 Highlights

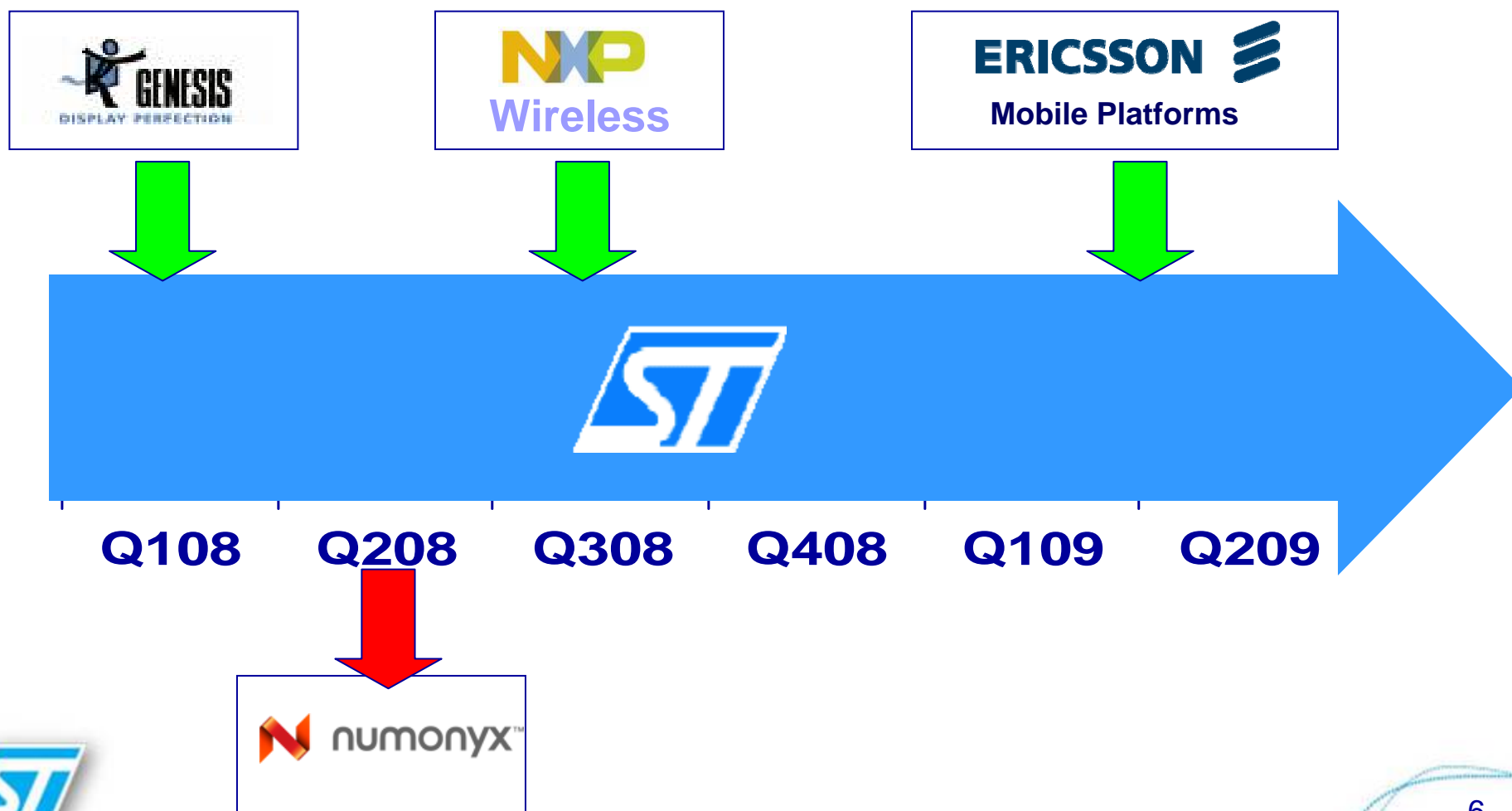
A year of intense achievements, hurt by the global economic downturn in the second half

- Gaining market share organically: ST revenues (ex NXP Wireless acquisition and FMG) +4.8% vs. estimated TAM -1.6%*
- De-consolidating Flash / Consolidating Wireless
- Further moving to asset-lighter strategy: 10% capex-to-sales ratio in FY08
- Focus on cash generation: \$647M of Net Operating Cash Flow before acquisition in FY08



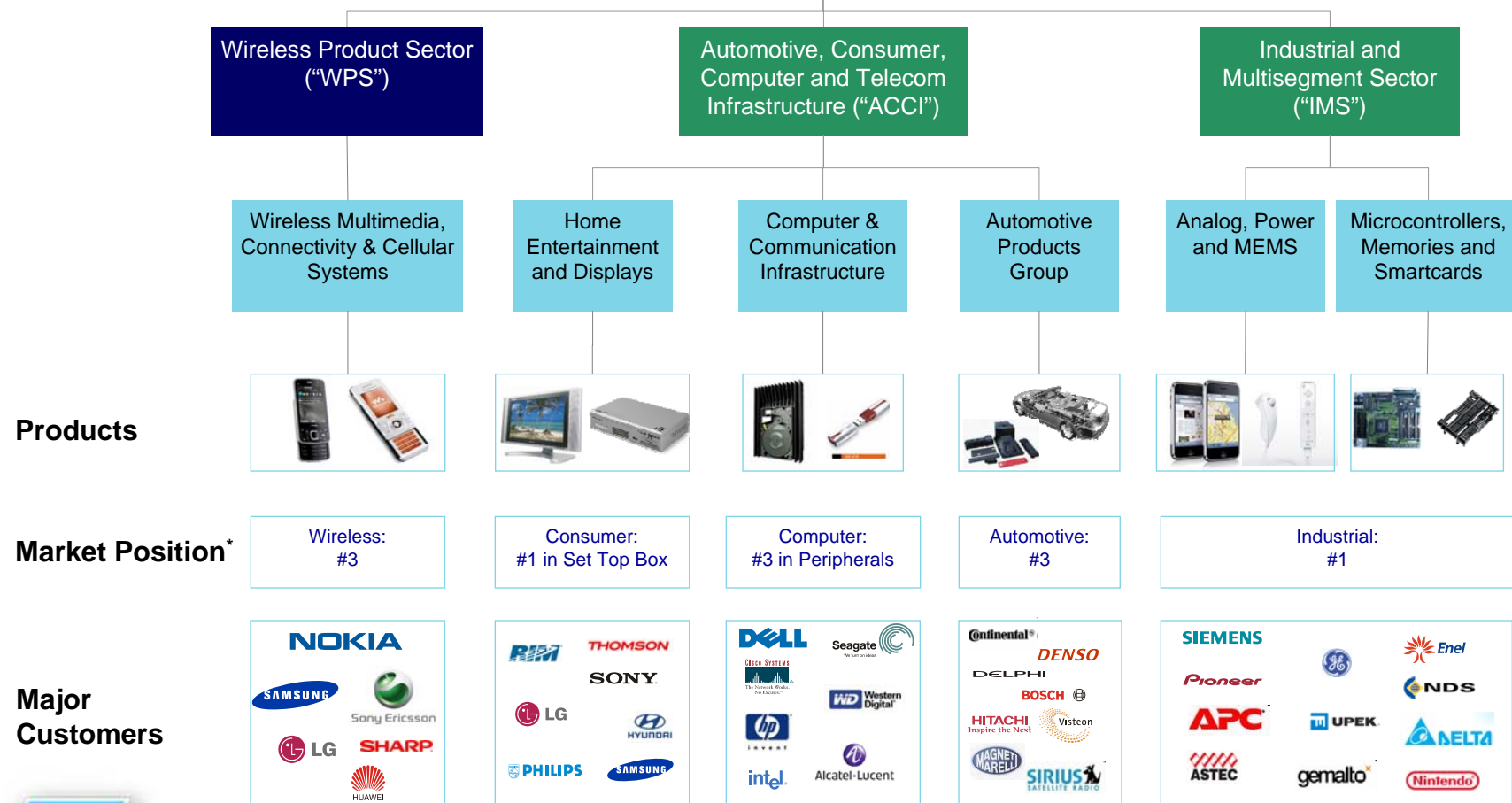
* Source: ST, WSTS November 2008

2008: Reshaping ST's Product Portfolio



Business Segments

New Organization

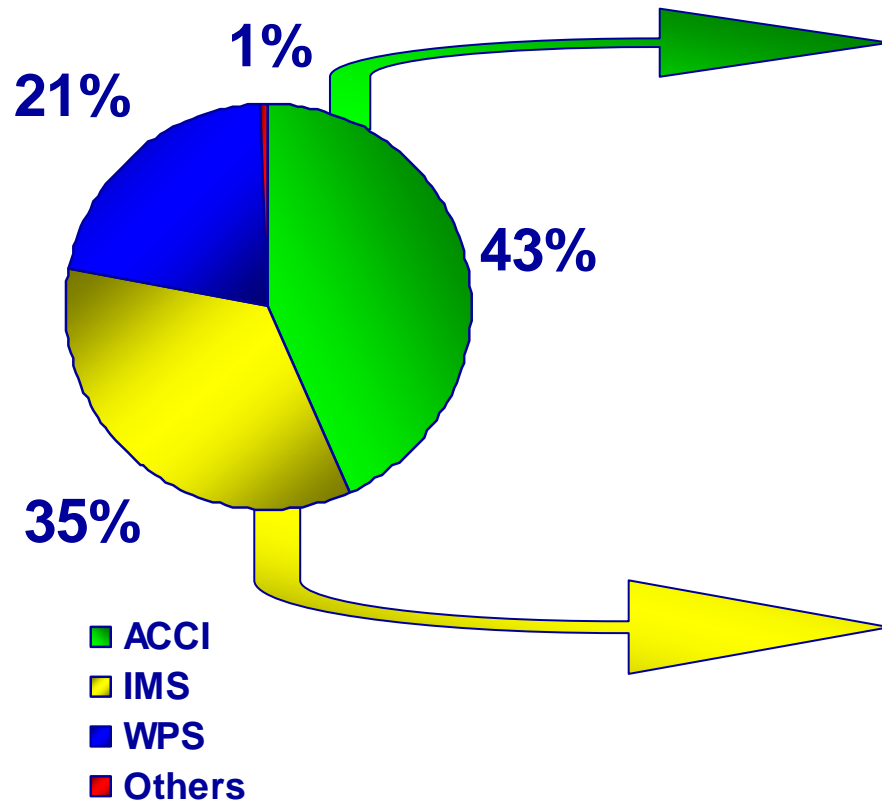


* Source: iSuppli Q3 2008, Gartner

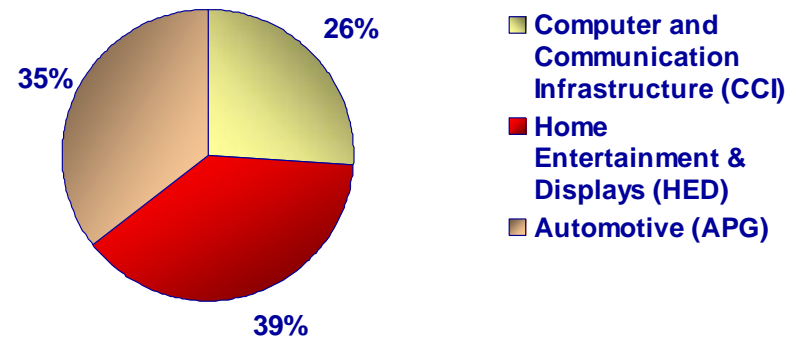
Revenues by Product Group

Excluding FMG

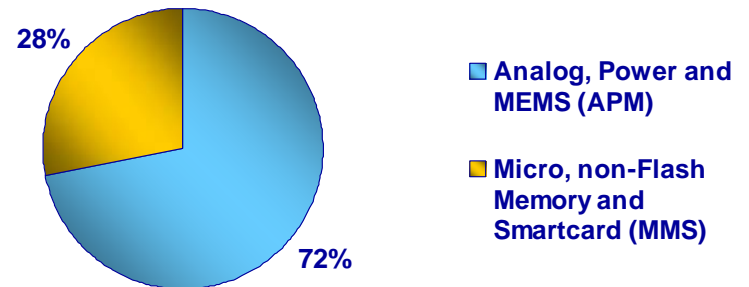
FY08 Sales: \$9.5B



ACCI Group Breakdown

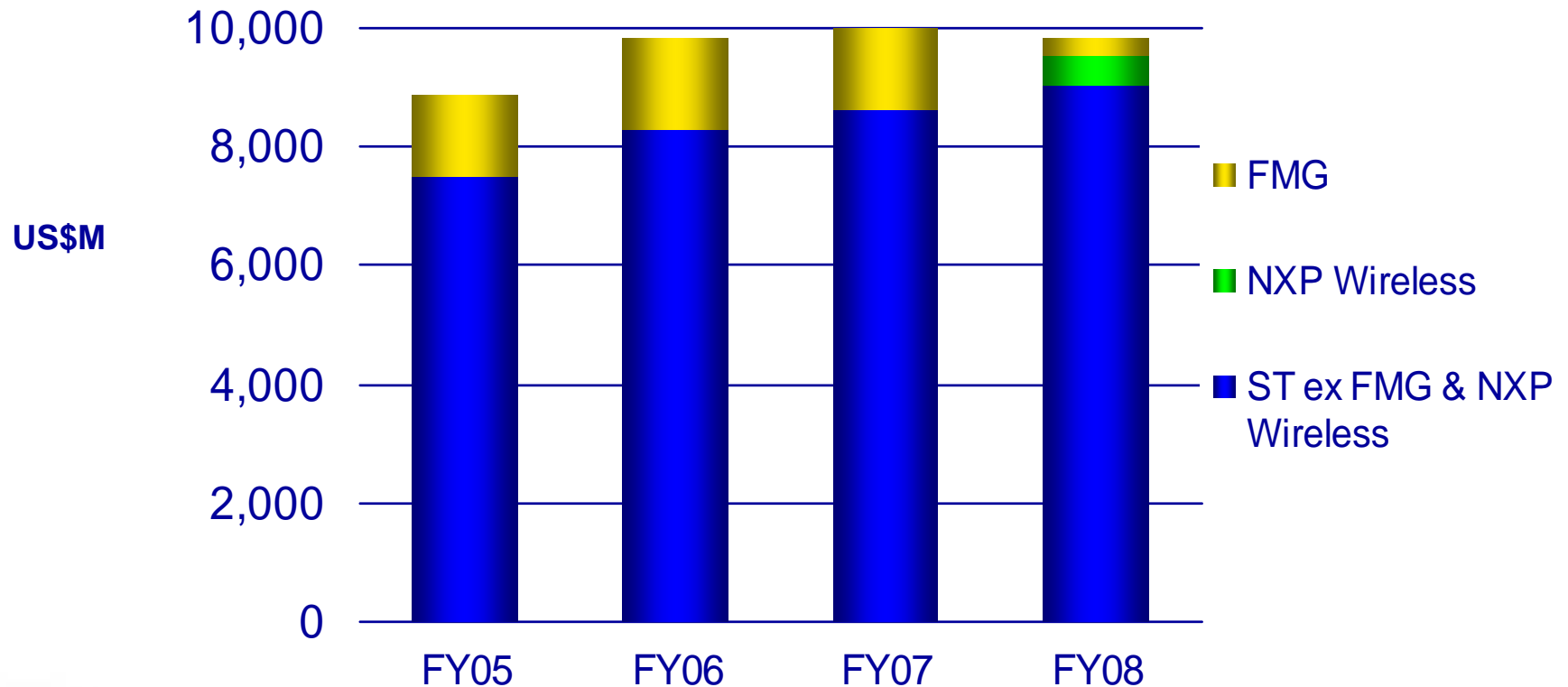


IMS Group Breakdown



ST Total Revenues

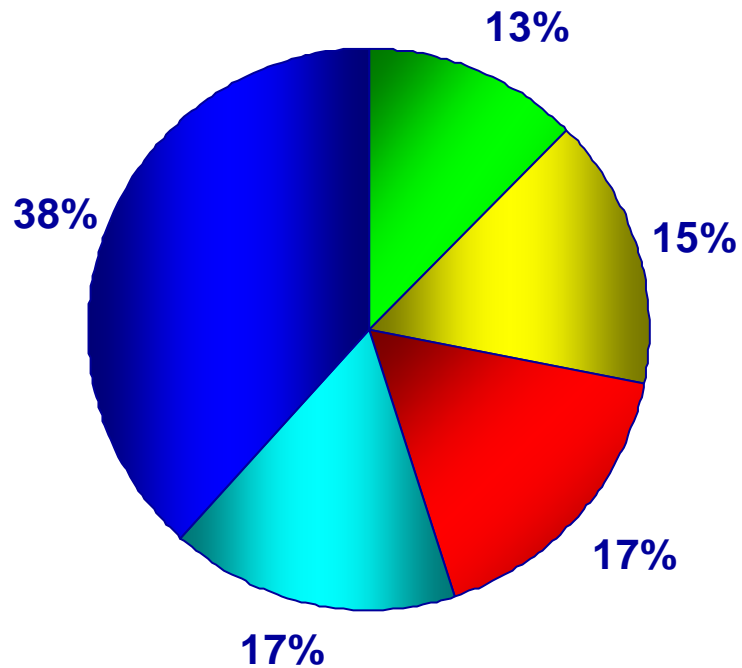
FY08 Reported Revenues = \$9.84B
+10.0% vs. FY07 on “core business”
+4.8% excluding FMG and NXP Wireless*



* NXP Wireless contribution starting August 2, 2008

Revenues by Market Segment*

Q408 Sales: \$2.28B



Y-o-Y Growth

- **Telecom** -17%
- **Industrial** -8%
- **Consumer** -12%
- **Computer** -20%
- **Automotive** -27%

Automotive **Computer** **Consumer** **Industrial** **Telecom**

* The above chart estimates, within a variance of 5% - 10% in the absolute dollar amount, the relative weighting of each of the Company's target market segments



ST Worldwide Market Share*

Excluding Flash

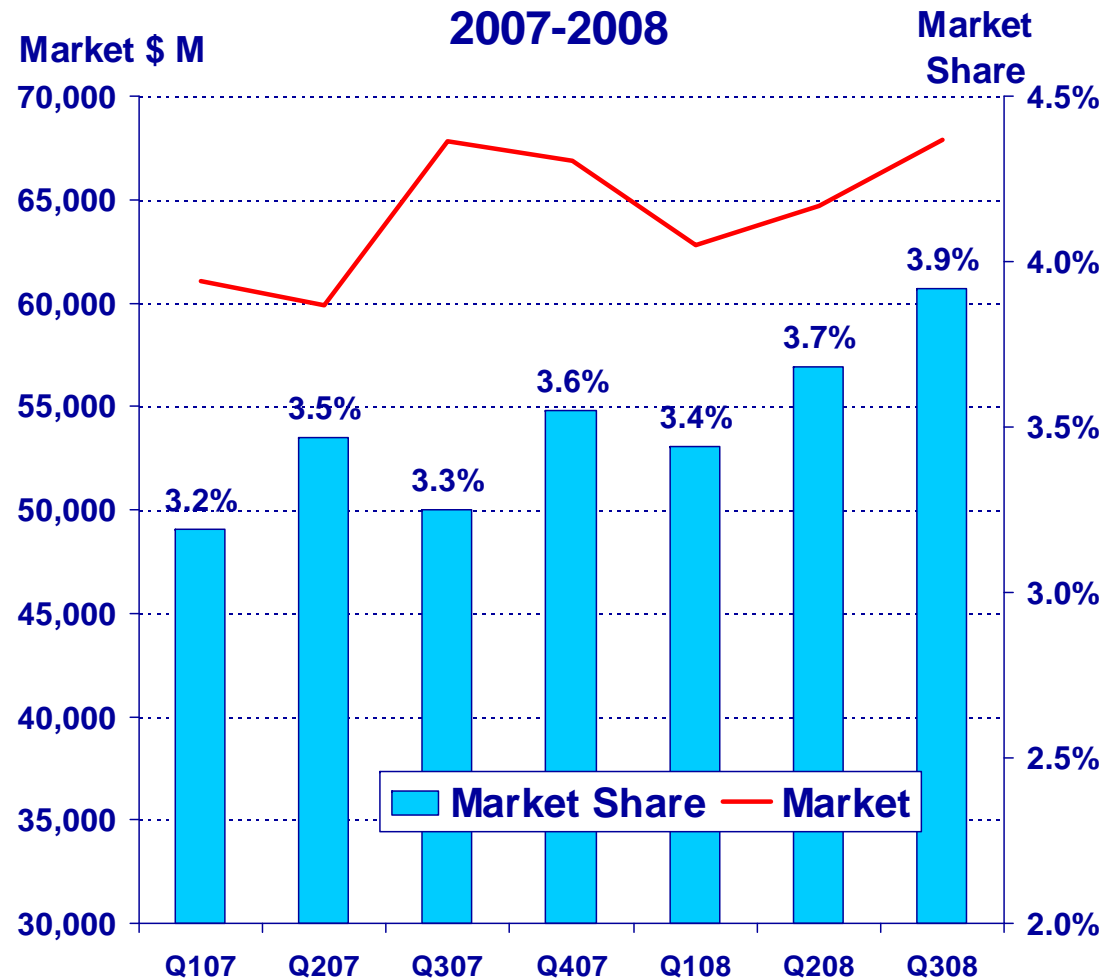
Key sales initiatives driving market growth

New Major Key Accounts +45.5%

Mass Market +9.8%

Japan +36.8%

TAM & Market Share by Quarter 2007-2008



*Source: WSTS (November 2008)



Wave of New Products

Digital Consumer

- STi7141 cable TV STB IC combining HD/interactive capabilities
- STDP 3100 DisplayPort products adopted by two leading LCD and Plasma TV makers for full HD 120Hz TV systems
- Two design wins in Korea for home entertainment systems including latest Sound Terminal family device



Computer Peripherals

- Major design win for 40nm SoC from a leading HDD manufacturer
- Design win from a major OEM for a 40nm ASIC for the printer and imaging market



Imaging

- Expanding the customer base to other leading players

Automotive

- Cooperation with LG Chem: battery pack that significantly reduces electric/hybrid vehicle's gasoline consumption and CO2 emissions
- ST's GPS technologies selected by two major system makers for telematics applications in South America and tolling system in Europe



Wave of New Products



Wireless

- Ramping production of a 3G cellular platform at a tier-one customer
- Mass production of world's first 3G Unlicensed Mobile Access (UMA) enabling mobile phones to switch seamlessly from cellular to WiFi networks



MEMS

- #1 supplier of MEMS for consumer and portable handset applications in 2008 (iSuppli)
- Introduced a compact high-performance 3-axis accelerometer family with reduced power consumption
- Design wins for portable navigation and tablet PC
- New applications expanding beyond consumer and wireless to automotive, medical and industrial applications



Smartcard & Microcontrollers

- Introduced two advanced 32-bit families, ST32 and ST33, based on ARM Cortex M3. Highly secure SC300 version for mobile-phone SIM cards
- Introduced a smartcard IC for secure identity cards supporting latest cryptography techniques and large memory for biometric data



Industrial

- Advanced analog design win for an HDMI switch for a LCD HDTV from a major consumer OEM in Japan



Financial Performance

<i>In US\$M, except EPS</i>	Q108	Q208	Q308	Q408		FY2008	FY2007
Net Revenues	2,478	2,391	2,696	2,276		9,842	10,001
Gross Margin – Reported	36.3%	36.8%	35.6%	36.1%		36.1%	35.4%
Gross Margin – Before Purchase Accounting			37.7%	37.5%		37.1%	
Clean Operating Profit*	116	159	210	(17)		468	704
Clean Operating Margin*	4.7%	6.7%	7.8%	-0.7%		4.8%	7.0%
Net Income - Reported	(84)	(47)	(289)	(366)		(786)	(477)
EPS Diluted	(0.09)	(0.05)	(0.32)	(0.42)		(0.88)	(0.53)
Clean EPS Diluted*	0.13	0.18	0.19	(0.06)		0.40	0.76
RONA**	5.5%	8.6%	10.5%	-0.8%		6.0%	8.2%
Effective Exchange Rate €/€	1.47	1.55	1.54	1.40		1.49	1.35

*See next slide

**RONA is not a US GAAP measure and is considered by company management to be the key financial and economic metric to measure the return on invested capital. RONA as the ratio between the operating income (excluding impairment and restructuring charges) and average net assets used during the period. ST defines average net assets as average total assets net of total liabilities as reported in our consolidated balance sheet excluding all items related to our financial position such as cash and cash equivalents, marketable securities, short term deposits, bank overdrafts, current portion of long term debt and long term debt.



Pre-Tax Items to Clean Earnings*

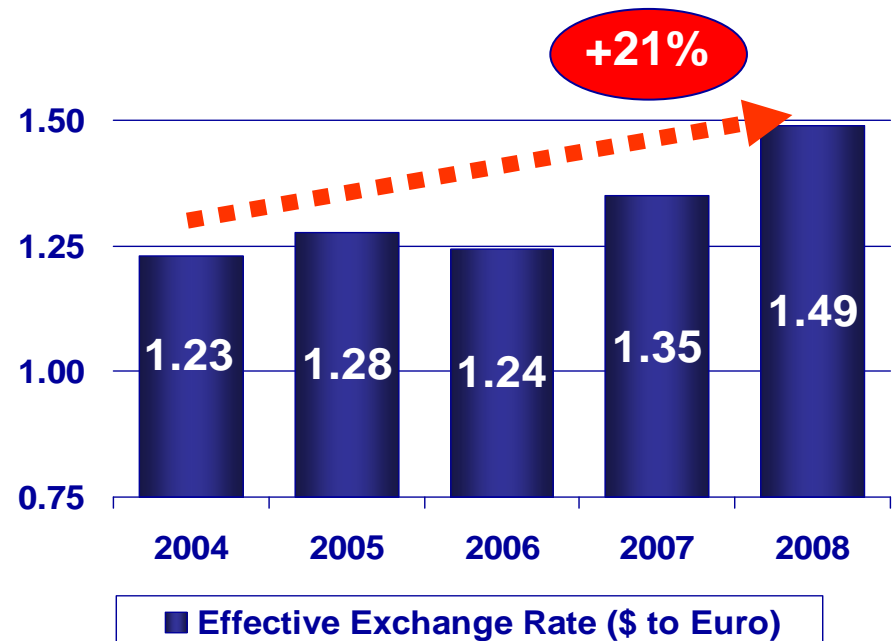
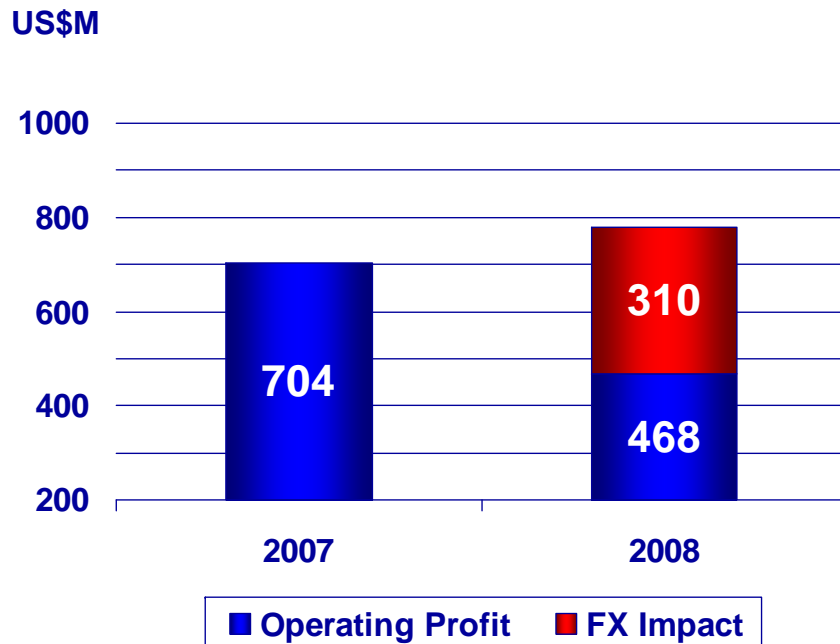
<i>In US\$M</i>	Q108	Q208	Q308	Q408		FY2008	FY2007
NXP Wireless Inventory Step Up Gross Profit Level			57	31		88	
Seniority award							21
Genesis In Process R&D	21					21	
NXP Wireless In Process R&D			76			76	
Impairment & Restructuring Charges Operating Result Level	183	185	22	91		481	1,228
Other-than-Temporary Impairment	29	39	14	55		138	46
Numonyx Impairment Net Result level			300	180		480	

* Clean earnings per share is used by the Company's management to help enhance an understanding of ongoing operations and to communicate the impact of the excluded items. Clean earnings in full year 2008 excludes restructuring and impairment charges, 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.



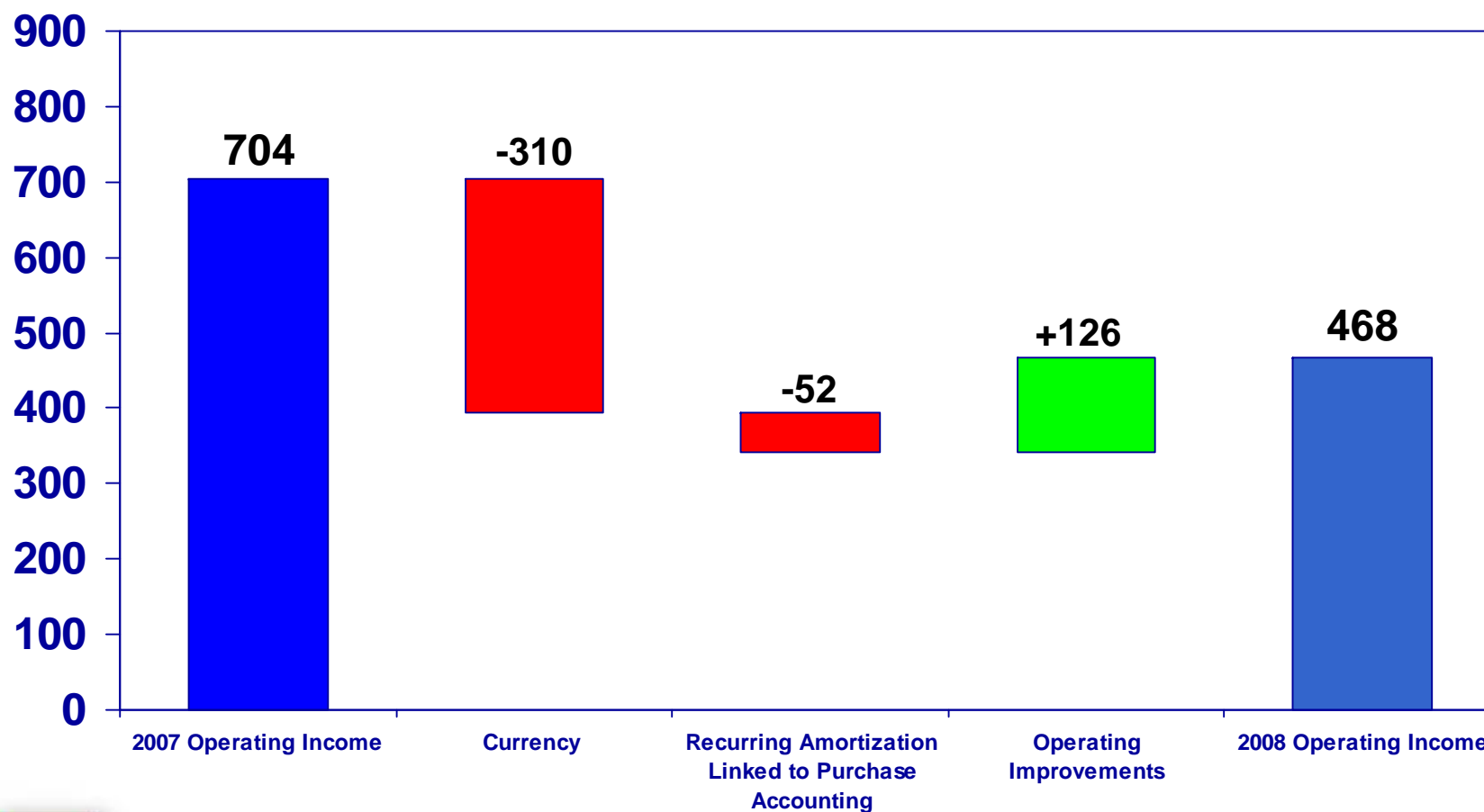
Currency Impact on EBIT

A strong Euro has masked our improved operating performance



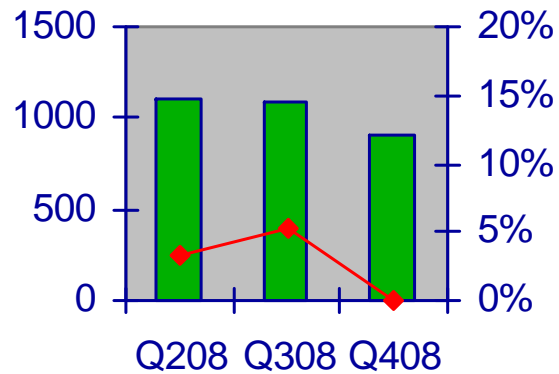
2008 vs. 2007 Clean EBIT Comparison

US\$M

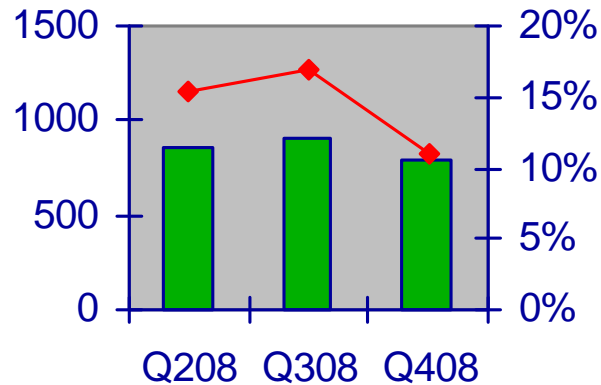


Product Segments: Revenue & Operating Margin Trends

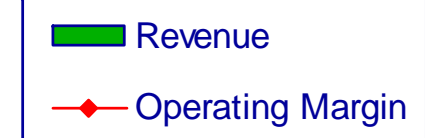
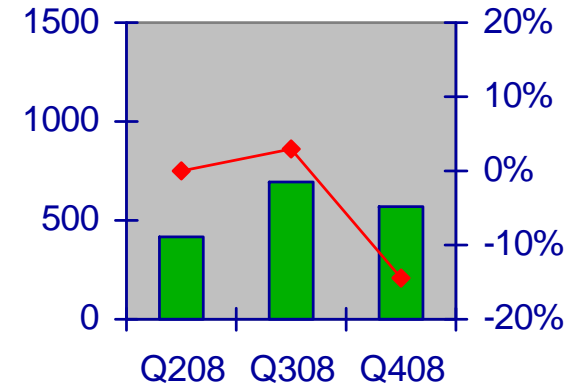
ACCI



IMS



WPS (1)

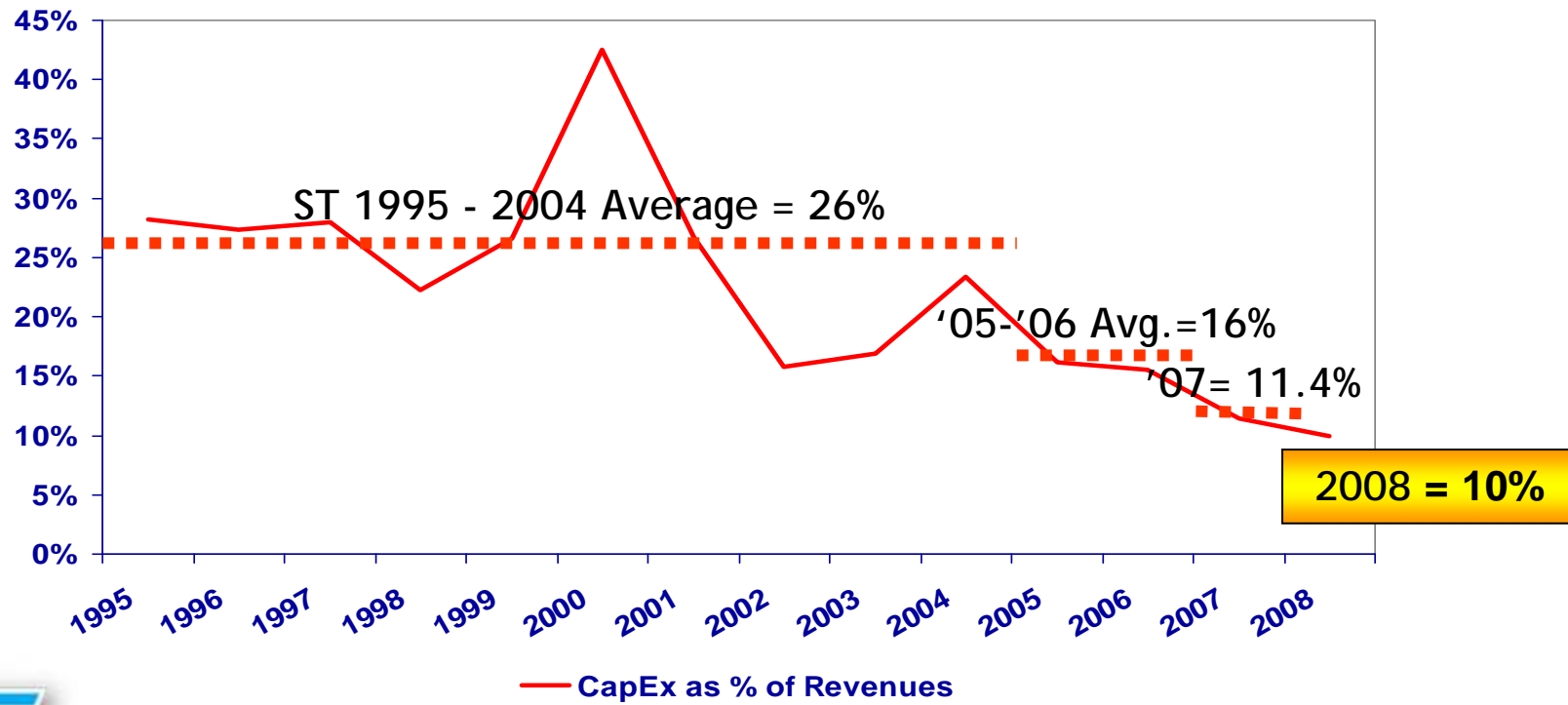


(1) Q208 is ST only. Q308 and Q408 include NXP Wireless from August 2nd and full quarter, respectively, and include \$12M and \$25M, respectively, of recurring amortization charges related to the former NXP Wireless business, and do not include non-recurring purchasing accounting items.



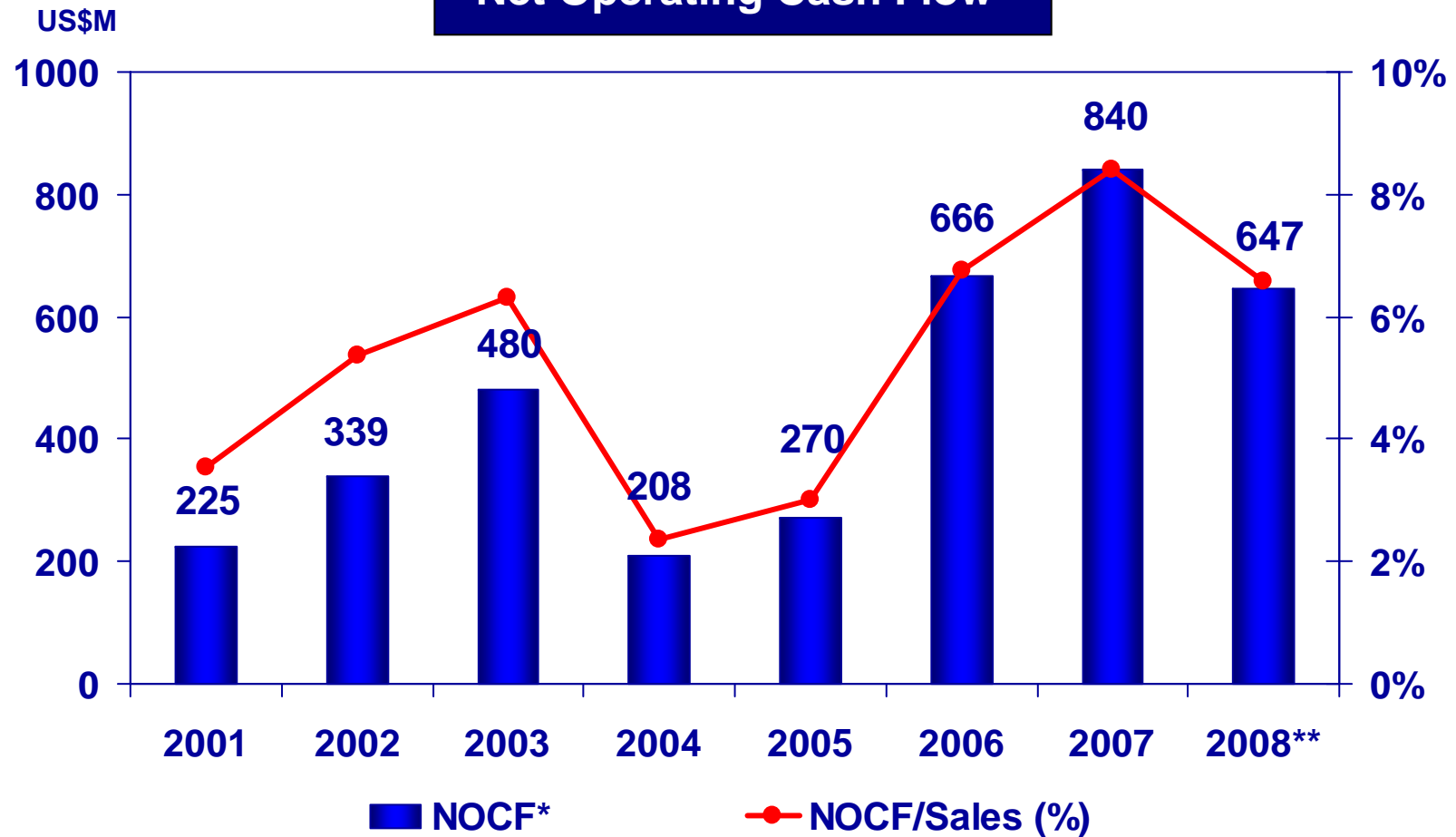
Reducing CapEx to Sales Ratio

- Ongoing phase-out of manufacturing facilities
 - two front-end fabs
 - two back-end plants
- CapEx plan for 2009: \$500M
 - 50% reduction compared to \$981M in FY08



Generating Cash

Net Operating Cash Flow*



*Non US GAAP measure defined as: Net cash from operating activities minus net cash used in investing activities excluding payments for purchase of and proceeds from the sale of marketable securities and proceeds from matured short-term deposits and restricted cash

**FY08 net operating cash flow excluding \$1.69 billion paid for M&A transactions



Balance Sheet Highlights

End of period In US\$M	31 Dec. 2007	27 Sept 2008	31 Dec. 2008
Total Assets	14,272	14,984	13,894
Shareholders' Equity	9,573	8,766	8,156
Cash and Cash Equivalents	2,891	2,141	2,152
Net Financial (Debt)/Cash Position	761	(409)	(546)
Inventory Turns	3.9x	4.0x	3.1x
Net Asset Turns	1.3	1.4	1.1



Business Outlook

- No formal guidance due to unprecedented lack of visibility and uncertain market conditions

- Internal Planning Targets for Q109:
 - Revenues to be in the range of \$1.5 billion to \$1.85 billion
 - About 50% fabs loading
 - Gross margin in the mid to high 20's as a percentage of sales
 - *The above internal planning data do not include the potential impact - to include related purchase accounting - of the expected business combination with Ericsson Mobile Platforms*

- Corrective actions to lowering break-even point:
 - Targeting \$700 million cost reduction in 2009 from Q408 level
 - About 4,500 net jobs affected



Lowering the Breakeven Point

Estimated Savings in 2009

- | | |
|---|--------------------|
| ➤ Manufacturing | |
| • Close 6" Carrollton | \$120M (\$170M pa) |
| • Reduce 8" Phoenix to "mini-line" | |
| • Close Ain Sebaa Assembly plant in Morocco | |
| • Singapore: reduce 5" capacity and move remaining assembly to Shenzhen | |
| • Downsize Malta | |
| • Resize global headcount | |
| ➤ ST-NXP Wireless cost synergies (before EMP integration) | \$200M (\$250M pa) |
| ➤ Rationalize SG&A and R&D | \$140M |
| ➤ Rationalize number of sites, extra savings on procurement, labor cost dynamic | \$120M |
| ➤ Expected additional support to technology R&D | \$130M |





Wireless Strategic Repositioning

Alain Dutheil
ST Chief Operating Officer & ST-NXP Wireless CEO



Evolution of ST Wireless Business

LA

ERICSSON 

Creation of a New World Player
50/50 JV with Ericsson Announced

NXP

August 2008
acquisition of 80% of
ST- NXP Wireless

ST-NXP Wireless

- Leading supplier to Nokia, Samsung and SMC
- Critical scale to sustain R&D roadmap
- Enhanced position in Connectivity and GPS
- Consolidate leadership in RF and Energy Management
- Focused on 3G and multimedia platform
- Strong opportunity to expand 2G/2.5G market share

Acquisition of Nokia's Integrated Circuit operation

Complete mainstream multimedia platform with modem

3GDBB shipment to EMP

Strategic deal with EMP

Expand Connectivity

First design wins for Application Processor



ST

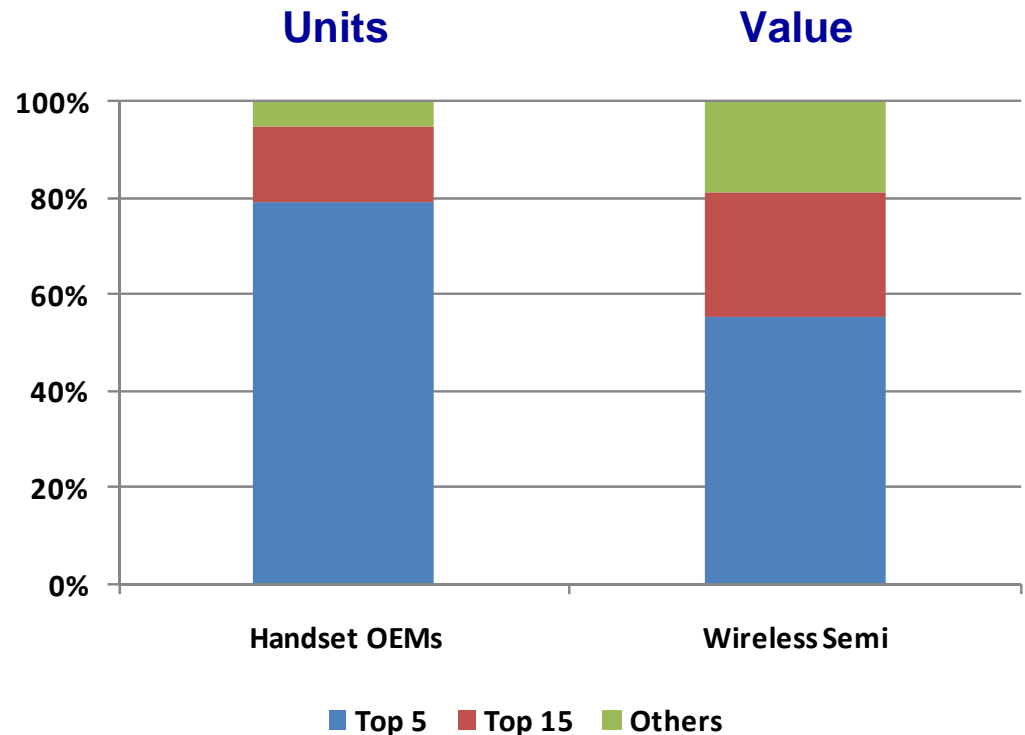
- Leading 3G ASIC supplier to Nokia and EMP
- Multimedia Platform Offering
- Strong Connectivity Supplier
- Advanced Process R&D
- Building on leading positions
 - #1 in Analog/Mixed signal
 - #1 in 3G RF
 - Leading ASIC Player

2005
New strategic plan toward
value creation



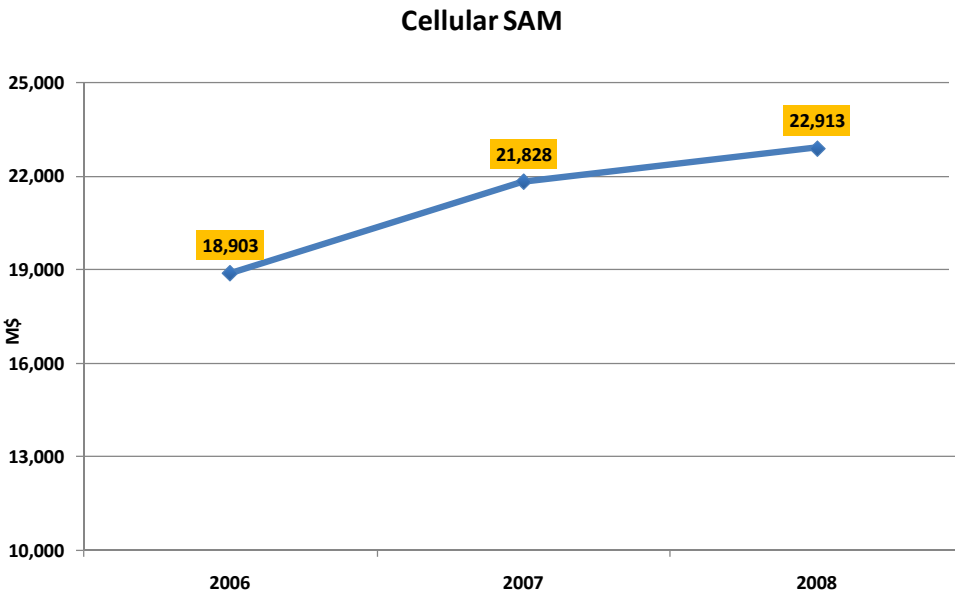
Wireless Semi Market Fragmented

- **Mastering all the key products and IPs is necessary for success**
- **ST-NXP Wireless is working with all of the top 5 players and several of the emerging leaders**
- **ST-NXP Wireless marked the beginning of consolidation of the fragmented wireless semi market**



Source: ST, iSuppli

Handset JV SAM Evolution

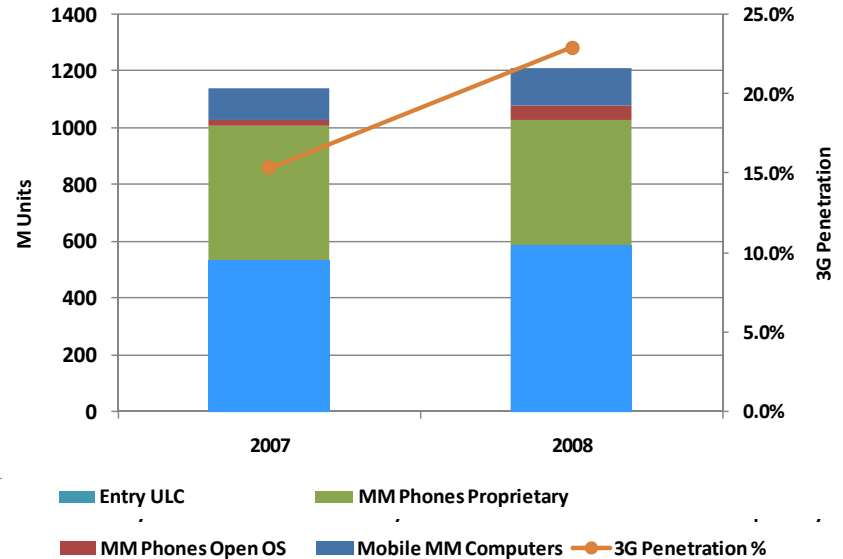


SAM (Served Available Market) is cellular semiconductor content excluding memory, optoelectronics, discretes, analogue & standard logic, including PA, BT headsets, Others components



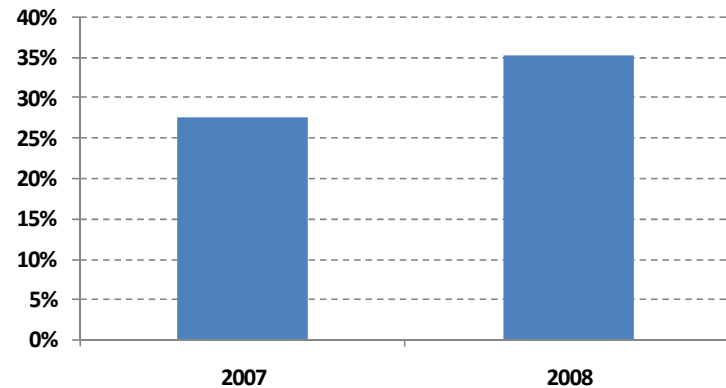
Source: ST

Smartphones and 3G handsets grew at a faster pace than ULC handsets



Connectivity content increased

Average Connectivity Penetration Rate (BT, FM, GPS, WLAN)

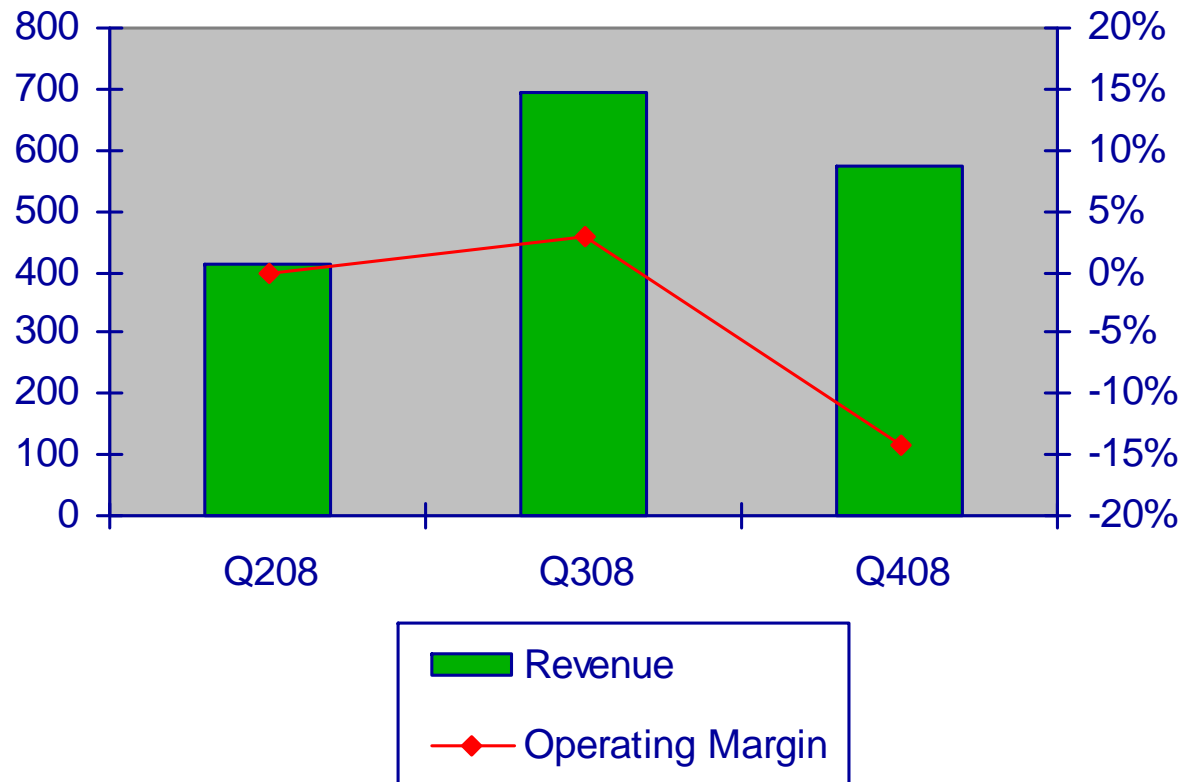


ST-NXP Wireless Today

- FY08 WPS sales of US \$2 billion
 - NXP Wireless contributing from August 2nd 2008
- Main business
 - Major supplier to Nokia
 - 2G, 2.5G, EDGE and 3G supplier to Samsung
 - Baseband and RF ASIC supplier to EMP
 - 2G, 2.5G, EDGE and TD-SCDMA supplier to the China market
 - Multimedia and connectivity supplier to top handset manufacturers
- Headquarters in Geneva
 - Major sites in France, India, the US, and the Netherlands, and plants in Malaysia and the Philippines



Wireless Products Sector (WPS)



(1) Q208 is ST only. Q308 and Q408 include NXP Wireless from August 2nd and full quarter, respectively, and include \$12M and \$25M, respectively, of recurring amortization charges related to the former NXP Wireless business, and do not include non-recurring purchasing accounting items.



ST-NXP Wireless: Integration Status

- Management team
 - CEO: Alain Dutheil
 - EVPs: Marc Cetto, Tommi Uhari
 - CFO: Abhijit Bhattacharya
- Product roadmaps are now aligned
- Full integration of systems expected on February 1st 2009
- Accelerated efforts to capture identified synergies
 - Change of market outlook led to further actions to adapt R&D resources and cost structure
 - Identified synergies include the progressive termination of transitional service agreements and the plan to reduce the global workforce by 500 people (announced on November 6, 2008)
 - Targeting cost savings of \$250M (\$200M expected in FY09)



New Products: Wireless

Wireless Multimedia

- 3G Digital Baseband
 - Strong ramp up of EMP DBB in 2008
- Analog Baseband
 - Working to develop a future high-volume EMP platform
- Application Processor
 - Ramping in mobile phone and automotive applications
- Platforms
 - Ramping production of a 3G cellular platform at a tier-one customer
 - GSM/GPRS solutions continuing to ramp-up at major OEMs and designed-in at leading module makers
 - Mass production of the world's first 3G UMA chipset platform



Connectivity

- Improved market position
- Integrating roadmaps
- Diverse customer base

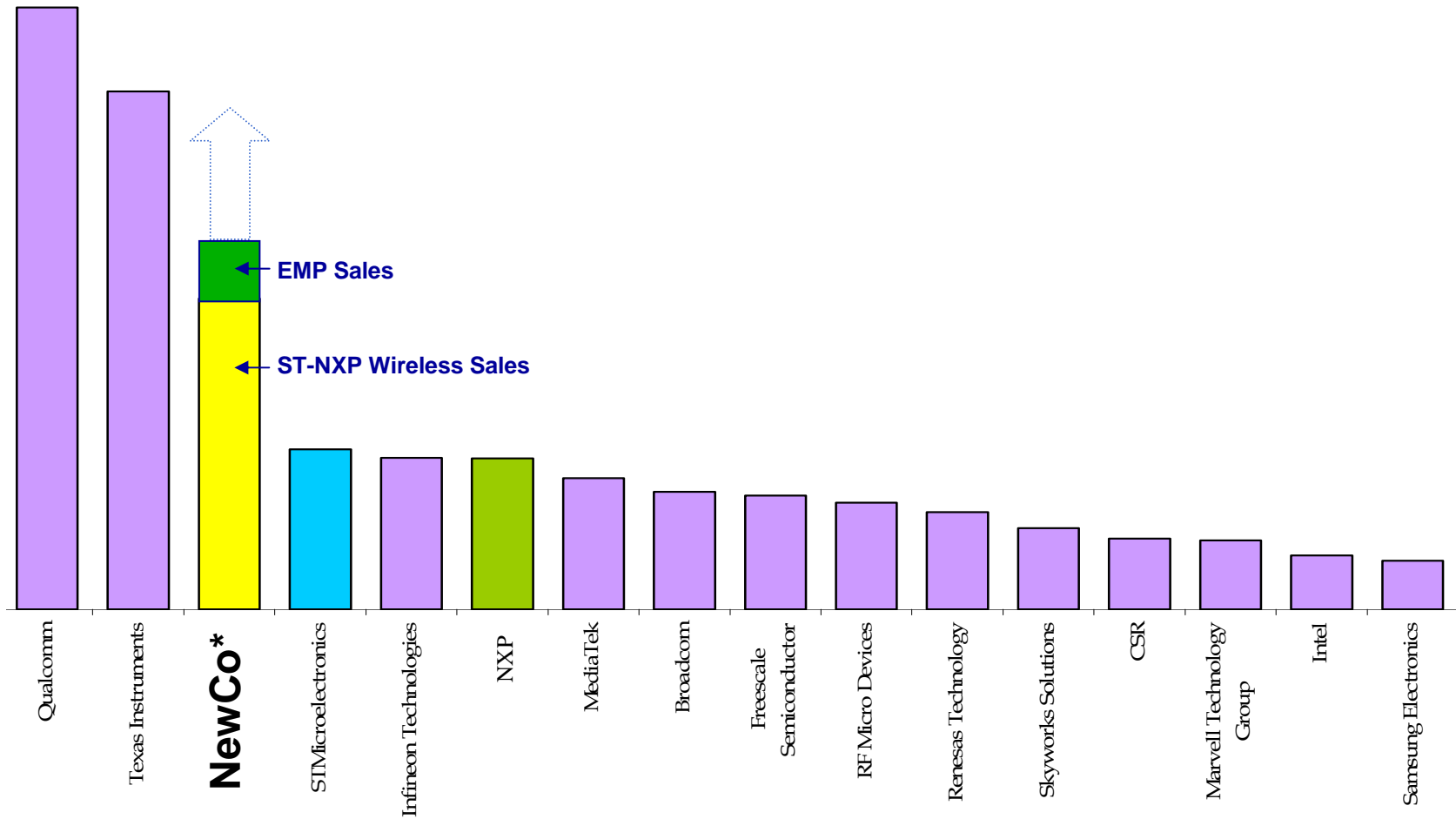


ST & Ericsson: Creating a New World Player

- **Merging Ericsson Mobile Platforms and ST-NXP Wireless**
 - Industry's strongest product offering
 - Industry's strongest and most diverse customer base
 - Building on current partnership
- 50/50 joint venture
- Strong endorsement from key customers
- Pro forma sales in 2007 of \$3.6 billion
- About 8,000 employed, majority in R&D



2007 Wireless Sales Comparison



Source: iSuppli, ST, Ericsson
 * Pro forma figures



Strong Rationale for JV

ST-NXP Wireless

- Leading supplier to Nokia Samsung and Sony Ericsson
- Industry-leading RF, analog, multimedia and connectivity
- World-class 2G/EDGE platforms and strong 3G offering

Ericsson EMP

- Leading supplier to Sony Ericsson, LG, Sharp
- Industry-leading 3G and LTE platform technology
- Leading IPR portfolio

Combination

- Technology leader
 - 2G, EDGE, 3G, HSPA and LTE
 - Clear scale advantage
- Complete platform offering
 - RF, analog, modem, multimedia, connectivity
- Strong customer base
 - Nokia, Samsung, Sony Ericsson, LG and Sharp and other exciting leaders
- Leverage semiconductor technology, manufacturing and infrastructure from ST
- Perfect fit, with synergies

Complementary Areas of Focus and Key Competences

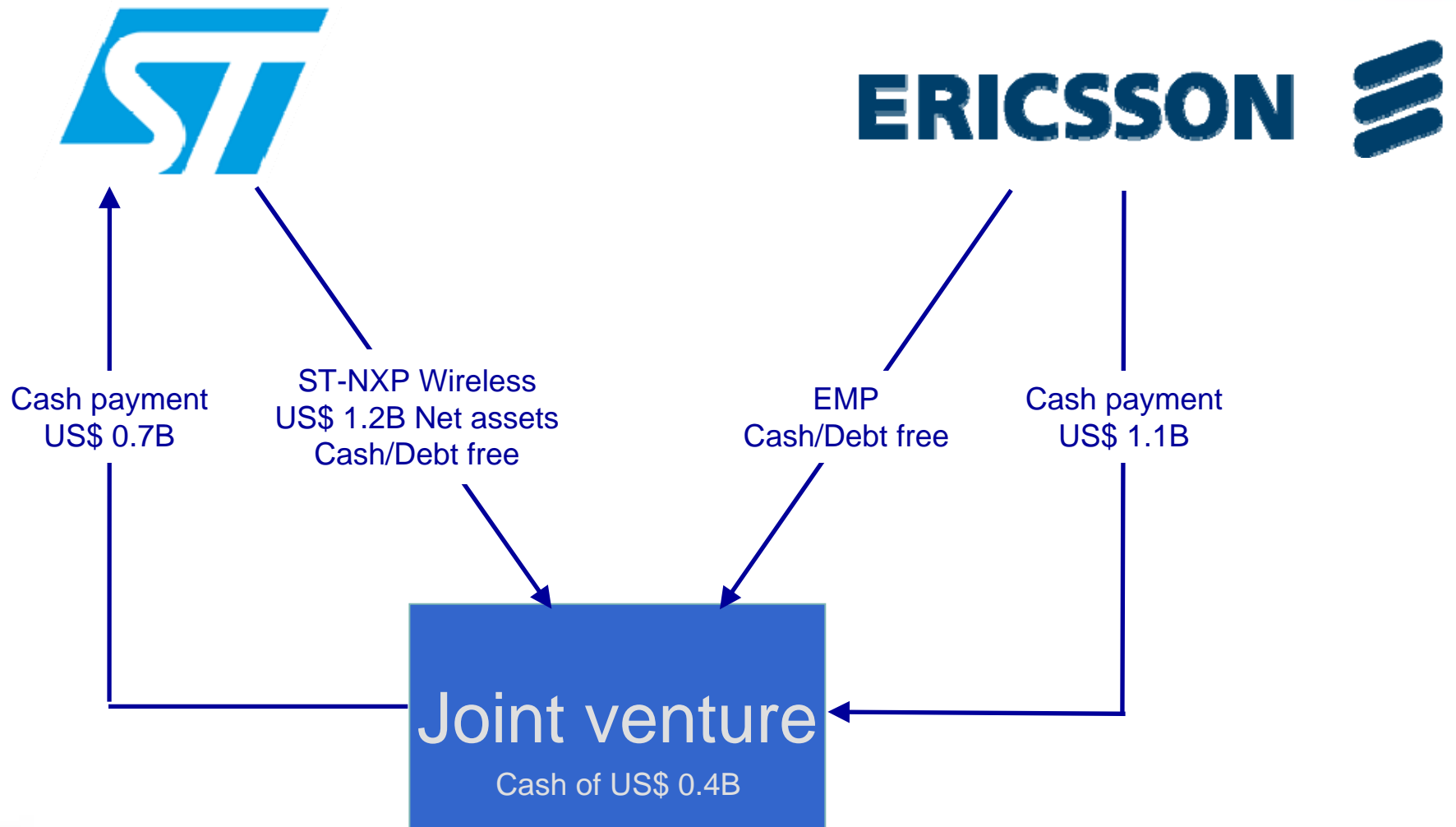
3G/LTE platforms design
Ericsson

2G systems solutions
From NXP roots

3G components
From ST roots

Connectivity/multimedia
From ST and NXP roots

The Deal





Strategic Overview

Carlo Bozotti
Chief Executive Officer



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) based on management's current views and assumptions and 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:

- the current economic downturn and ongoing uncertainty in global economic conditions may lead to a further decline in consumer demand in the face of tighter credit and negative financial news. Consequently, demand for our products could be different from our expectations due to factors such as changes in business and economic conditions, the impact on demand for semiconductor products 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 make it extremely difficult to accurately forecast and plan future business activities;*
- our ability to adequately utilize and operate our manufacturing facilities at sufficient levels to cover fixed operating costs particularly at a time of decreasing demand for our products due to decline in demand for semiconductor products;*
- pricing pressures which are highly variable and difficult to predict;*
- the results of actions by our competitors, including new product offerings and our ability to react thereto;*
- 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;*
- the current volatility in the financial markets and overall economic uncertainty increases the risk that the actual amounts realized in the future on our debt and equity investments will differ significantly from the fair values currently assigned to them;*
- we hold significant non-marketable equity investments in the flash memory market segment through Numonyx, as well as through our current and planned joint venture in the wireless segment; declines in these market segments could result in significant impairment charges, restructuring charges as well as gains/losses on equity investments;*
- our ability to execute successfully our plan to close during the first quarter of 2009 the merger of ST-NXP Wireless with Ericsson Mobile Platforms;*
- the effects of hedging, which we practice in order to minimize the impact of variations between the U.S. dollar and the currencies of the other major countries in which we have our operating infrastructure in the currently very volatile currency environments;*
- our ability to manage in an intensely competitive and cyclical industry, where a high percentage of our costs are fixed, incurred in currencies other than US dollars;*
- our ability to restructure in accordance with our plans if unforeseen events require adjustments or delays in implementation;*
- our ability in an intensely 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 of our suppliers to meet our demands for supplies and materials and to offer competitive pricing;*
- significant differences in the gross margins we achieve compared to expectations, based on changes in revenue levels, product mix and pricing, capacity utilization, variations in inventory valuation, excess or obsolete inventory, manufacturing yields, changes in unit costs, impairments of long-lived assets (including manufacturing, assembly/test and intangible assets), and the timing, execution and associated costs for the announced transfer of manufacturing from facilities designated for closure and associated costs, including start-up costs;*
- changes in the economic, social or political environment, including military conflict and/or terrorist activities, as well as natural events such as severe weather, health risks, epidemics or earthquakes in the countries in which we, our key customers and 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. Such forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "may," "will," "should," "would be" or "anticipates" or similar expressions or the negative thereof or other variations thereof, or by discussions of strategy, plans or intentions. Some of the risk factors we face 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, 2007, as filed with the SEC on March 3, 2008. 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 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 SEC filings, including our Form 20-F, could have a material adverse effect on our results of operations or financial condition.

