STMicroelectronics
3Q 2014 Financial Results

October 29, 2014

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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

Who We Are

- A global semiconductor leader
- The largest European semiconductor company
- 2013 revenues of **$8.08B**
- Approximately **45,000** employees worldwide
- Approximately **9,000** people working in R&D
- **12** manufacturing sites
- Listed on New York Stock Exchange, Euronext Paris and Borsa Italiana, Milano

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As of December 31, 2013

3Q14 Highlights

- Sequential improvement in both revenues and gross margin
  - Revenue: $1.89 billion, up 1.2% sequentially
  - Gross margin: 34.3%, up 30 basis points sequentially, up 190 basis points year-on-year
- $72 million net income
  - $0.08 per share compared to a net income of $0.04 in 2Q14 and a net loss of $(0.16) in 3Q13
- Positive free cash flow of $140 million
- Restructuring plan for the digital business to achieve $100 million of annualized savings
- Process technology under review after changes announced by Research Alliance partners

Solid quarter in terms of performance and improvement despite softening of demand in the mass market and in microcontrollers towards the end of the quarter

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Product Segments

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Sense & Power and Automotive Products (SP&A)

- Analog, MEMS & Sensors (AMS)
- Automotive Product Group (APG)
- Industrial & Power Discrete (IPD)

Embedded Processing Solutions (EPS)

- Digital Convergence Group (DCG)
- Imaging, BiCMOS, ASIC & Silicon Photonics (IBP)
- Microcontroller, Memory & Secure MCU (MMS)

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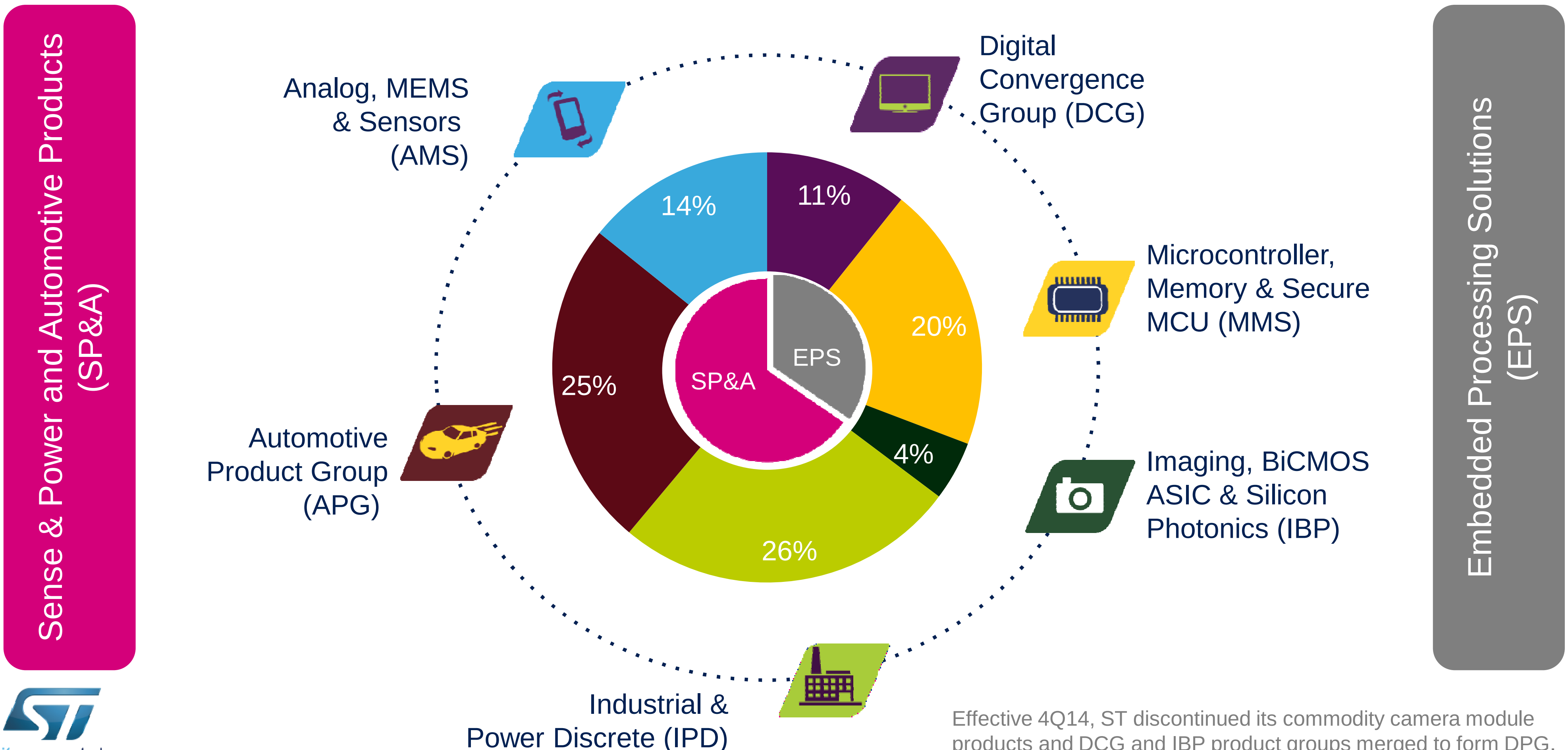
Effective 4Q14, ST discontinued its commodity camera module products and DCG and IBP product groups merged to form DPG

3Q14 Revenues by Product Groups



Effective 4Q14, ST discontinued its commodity camera module products and DCG and IBP product groups merged to form DPG.

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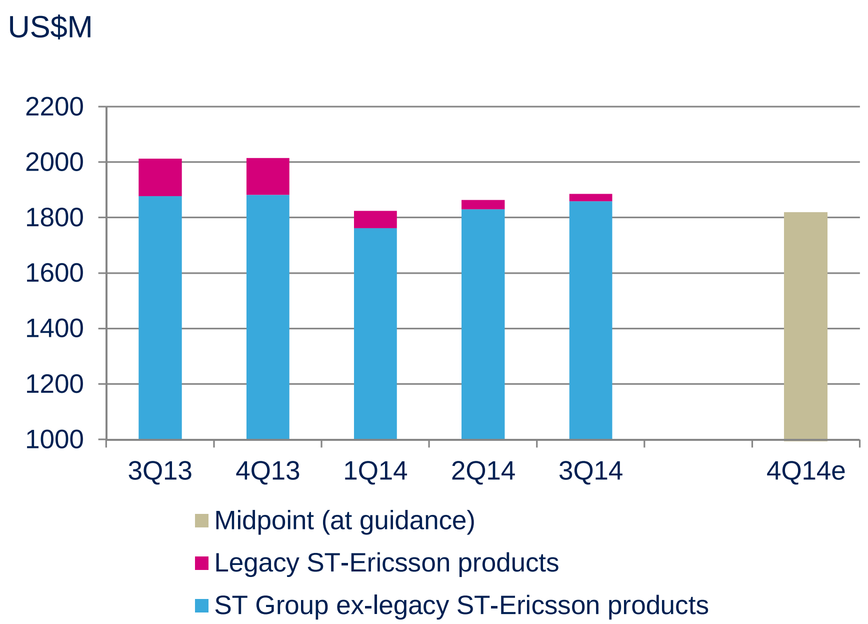
ST Revenues

3Q14 Revenues = $1.89B



3Q14 up 1.2% sequentially

- Sequential growth driven by set-top-box products within DCG, IBP and IPD
- AMS returned to sequential revenue growth led by new accoustic MEMS products
- Softening of demand towards the end of the quarter, specifically in the mass market and in microcontrollers slowed our anticipated sequential revenues progress
- Distribution was 32% of revenues, up from 31% in 2Q14

4Q14 revenue outlook

- Expected to be down about 3.5% sequentially, +/- 3.5 percentage points

Financial Performance

In US$M, except EPS	3Q13	1Q14	2Q14	3Q14	9M13	9M14
Net Revenues	**2,013**	**1,825**	**1,864**	**1,886**	**6,067**	**5,575**
Gross Margin	**32.4%**	32.8%	34%	34.3%	32.2%	33.7%
Operating Income (Loss) before impairment, restructuring*	**54**	**8**	**118**	**75**	**(190)**	**201**
Operating Margin before impairment, restructuring*	**2.7%**	**0.4%**	**6.3%**	**4.0%**	**(3.1%)**	**3.6%**
Net Income – Reported	**(142)**	**(24)**	**38**	**72**	**(464)**	**85**
EPS Diluted	**(0.16)**	**(0.03)**	**0.04**	**0.08**	**(0.52)**	**0.10**
Adjusted EPS Diluted*	**(0.03)**	**(0.01)**	**0.11**	**0.13**	**(0.22)**	**0.23**
Free Cash Flow*	**(72)**	**(51)**	**(99)**	**140**	**(270)**	**(11)**
Net Financial Position	**739**	**612**	**423**	**494**	**739**	**494**
Effective Exchange Rate €/$	**1.31**	**1.35**	**1.36**	**1.34**	**1.30**	**1.35**

*See appendix

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ST Gross Margin

3Q14 Gross Margin : 34.3%

Up 30 basis points sequentially

- Mostly reflecting manufacturing efficiencies partially offset by price pressure
- 70 basis points hit for unused capacity charges

Up 190 basis points year-on-year

- Mainly due to manufacturing efficiencies and product mix partially offset by pressure on prices and higher unsaturation charges

4Q14 outlook

- About 33.8% +/- 2.0 percentage points
- Unused capacity charges expected to negatively impact gross margin by about 150 to 200 basis points as manufacturing capacity in digital technologies is expected to be at a low level of utilization

ST Operating Expenses

3Q14 Operating Expenses

3Q14 combined SG&A and R&D at $603M

- Down $23M sequentially, mainly due to seasonality
- Down $73M y-o-y, mainly due to the ST-Ericsson wind-down and cost reduction initiatives
- $576M net of R&D grants

New plan to further lower our net operating expenses target range

- Digital business plan involving actions targeting an estimated $100M of operating expense savings
- Net operating expenses target revised to be in the range of about $550 to $600M average per quarter
- Includes SG&A and R&D expenses net of R&D grants

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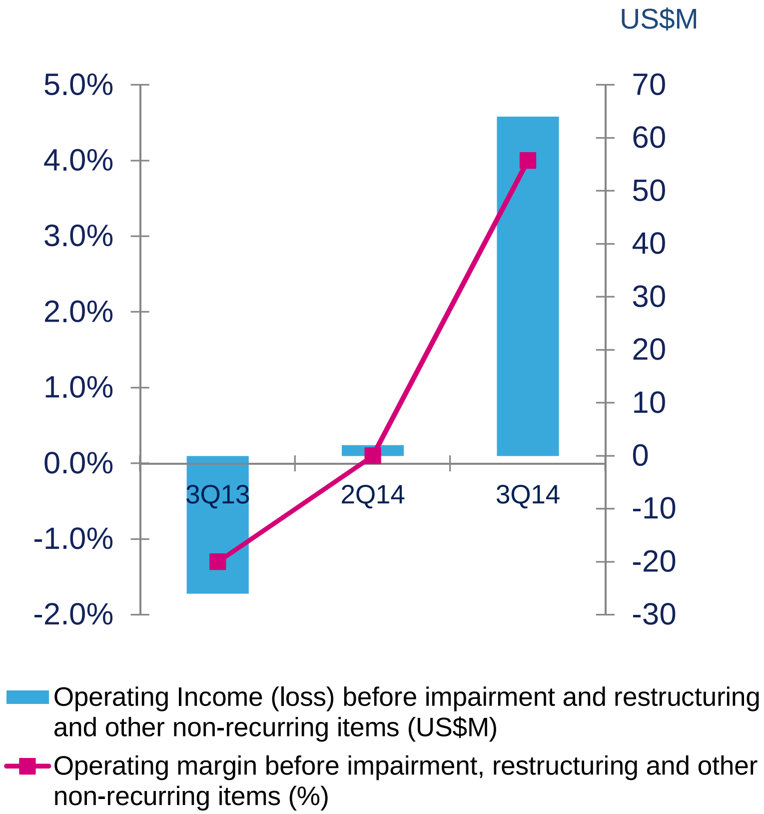
ST Operating Results



3Q14 Operating Results

Further improvement

- 3Q14 Operating Income at $75M before impairment and restructuring charges
- Excluding non-recurring items such as the Nano2017 grants catch-up and the gain from the sale of assets, the operating results improved by over $60 million sequentially and by $90 million year over year

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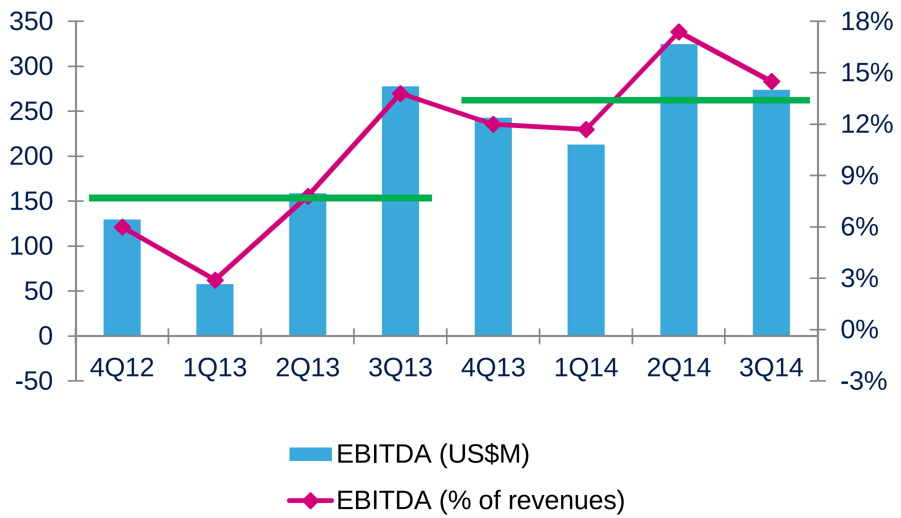
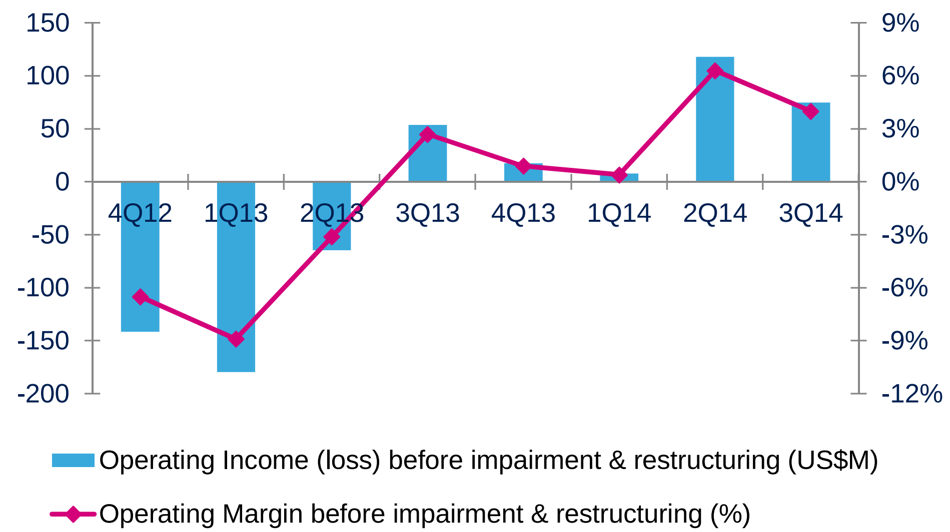
Financial Progress

EBITDA



Operating Income



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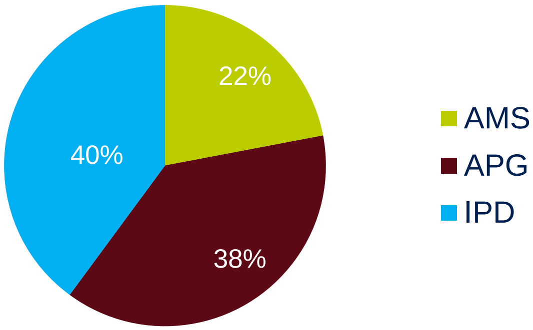
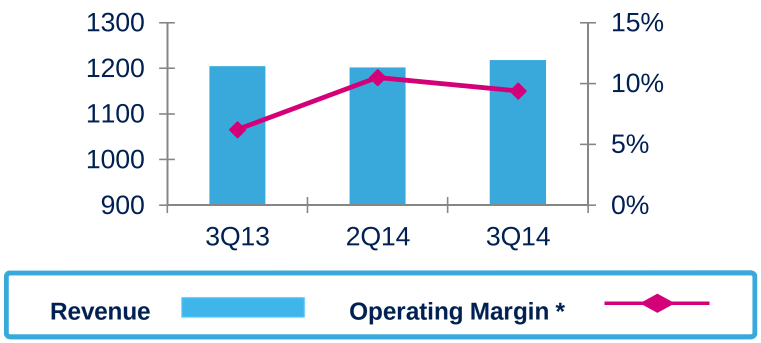
Sense & Power and Automotive

3Q14 Revenues





3Q14 Revenues = $1,218M

- Up 1.3% sequentially driven by industrial and power products within IPD and new acoustic MEMS within AMS
- Up 1.0% y-o-y with growth in Automotive and Industrial & Power Discrete groups offset by Analog and MEMS

3Q14 Operating Margin = 9.4%

- Up from 6.2% in 3Q13

Operating Margin Mid-term Target: 10%-15%

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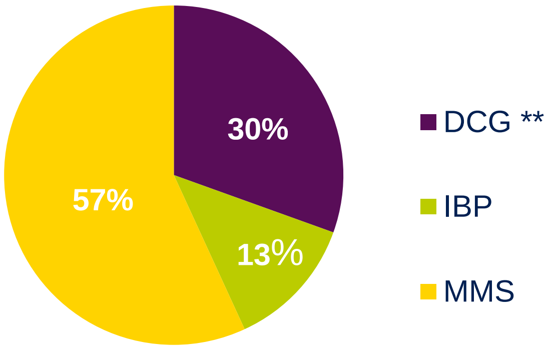
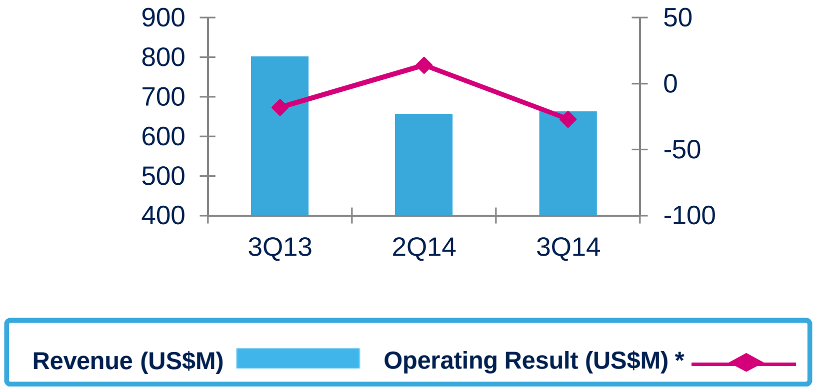
* Operating Income before impairment and restructuring charges. Unused capacity charges are reported in the Group “Others”

Embedded Processing Solutions

3Q14 Revenues





3Q14 Revenues = $663M

- Up 1.0% sequentially, driven by IBP and set-top-box products within DCG
- Growth in MMS slowed after strong growth over several quarters
- Y-o-Y decline largely due to the phasing out of legacy ST-Ericsson products

3Q14 Operating Loss = $27M

- $66M year-on-year improvement in losses excluding the non-recurring income related to the sale of assets in 3Q13
- Solid profitability in MCUs
- Effective 4Q14, ST discontinued its commodity camera module products and DCG and IBP product groups merged to form DPG
- $100M annualized opex restructuring program launched

Operating Margin Mid-term Target: About 5%

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* Operating Income before impairment and restructuring charges. Unused capacity charges are reported in the Group "Others"
** Reflecting the transfer of Wireless (legacy ST-Ericsson products) and the Image Signal Processor business unit from IBP to DCG as of January 1, 2014

Sense & Power and Automotive
3Q14 Product Highlights

AUTOMOTIVE

- Wins with our latest generation **car-radio processor** at large Japanese and Chinese OEM manufacturers.
- Important designs won for our **smart power products** in major American, European and Korean body applications and at one of the biggest European Tier 1 suppliers for innovative engine management applications
- Expanded success in **audio power amplifiers** in Japan with several design wins.

POWER AND SMARTPOWER

- Captured sockets in server power-supply applications from a leading manufacturer in the US for both **high and low voltage MOSFETs.**
- Won designs for an **advanced family of IGBTs** and half-bridge gate drivers for a household appliance with a leading global brand.
- Achieved a number of important design wins with our 600 and 1200V **Silicon Carbide diodes** and released to the market the first Silicon Carbide 1200V Mosfet transistor.

MEMS AND SENSORS

- Ramped volume production of **pressure sensor** and **touch-screen controller** for recently unveiled cutting-edge **Samsung** smartphones
- Started production of **analog microphones** for a recently launched smartphone for a leading consumer brand.
- Introduced the **smallest 6-axis motion sensor** with world-best performance and power consumption.

Embedded Processing Solutions
3Q14 Product Highlights

MICROCONTROLLERS

- Sustained rate of **STM32** microcontroller design wins, fueled especially by the ultra-low power and entry-range series
- Announced and demonstrated the **STM32 F7 series**, the world's first ARM® Cortex®-M7 processor-core microcontroller
- Started ramping production of our **STM32 L0 ultra-low-power** MCU, built on the ARM® Cortex® MO+ processor core
- Landed a win for **NFC controllers** at a key Consumer OEM

IMAGING, BI-CMOS ASIC AND SILICON PHOTONICS

- Launched a **module** based on ourTime-of-Flight technology, **combining a proximity sensor, ambient-light sensor and basic gesture recognition**, suitable for mobile devices, consumer white goods and industrial applications

DIGITAL CONVERGENCE

- Disclosed and showed **new 4Kp60 product line-up** based on popular Cannes/Monaco product family at IBC
- Demoed **real-time hardware prototype of DOCSIS 3.1 modem** with a major US OEM during the Cable-Tec Expo and MoCA 2.0 channel bonded chipset at IBC
- Announced **collaboration with NAGRA/SmarDTV** offering a range of "Quickstart" modular solutions based on ST chipsets

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Moving our digital business towards self-sustainability

**To maintain the path of progress to profit
with slower than expected future revenue growth
in a weaker than anticipated market**

Refocusing Imaging Strategy

- Discontinuation of commodity camera modules products
- Reinforcing imaging efforts on prioritized customer projetcs

Combining DCG and IBP

One single organization, Digital Product Group, addressing:

- Home and set-top-box ASSPs and FD-SOI ASICs for consumer
- FD-SOI and mixed process ASICs for communication infrastructure
- Differentiated Imaging products

Process technology Review

Review driven by recent announcements by our Research Alliance partners

Annualized $100M cost-saving initiatives

- Within Embedded Processing Solutions perimeter and at operating expenses level
- Completion expected during the course of 3Q15
- About 450 employees worldwide
- Total restructuring costs expected to be about $50M through completion, of which $13M posted in 3Q14

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Net Financial Position*

End of period (US$M)	Sept. 27, 2014	June 28, 2014	Sept. 28, 2013
Available Cash and Marketable Securities	2,130	1,502	1,434
Marketable securities	330		91
Short term deposits		51	1
Total Liquidity	**2,460**	**1,553**	**1,526**
Short term debt	(223)	(225)	(168)
Long-term debt	(1,743)	(905)	(619)
Total Financial Debt	**(1,966)**	**(1,130)**	**(787)**
Net Financial Position	**494**	**423**	**739**

Maintaining a Strong Capital Structure

- $494M Net Cash Balance
- $1Bn senior unsecured convertible bond financing in July 2014
- $595M Available Credit Facilities Undrawn

In 3Q14, the Company used $93 million to repurchase 11 million shares of common stock as well as pay cash dividends totaling $89 million

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*See appendix

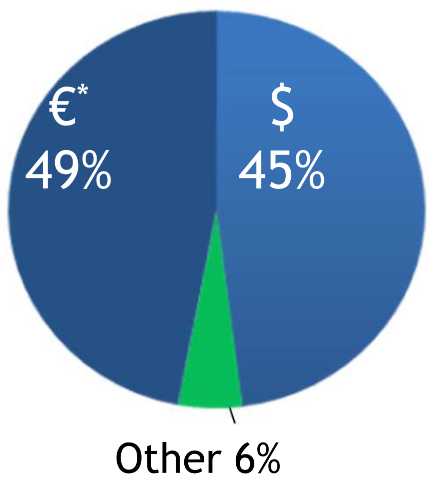
Update on dividend

- Stable cash dividend of $0.10 per share for each of the 2nd and 3rd quarter of 2014
- Decision regarding the distribution of a dividend for 4Q14 and 1Q15 will be decided by our Supervisory Board at their regularly scheduled meeting on December 4th
- Based upon the Company's financial resources and cash requirements, as well as our visibility of the overall economic environment, management currently intends to recommend a continuation of the current dividend level
- Semi-annual dividend resolution is decided by ST's Supervisory Board upon the recommendation of the Company's management.
- The ultimate decision remains with the discretion of ST's Supervisory Board.

Currency Exposure

- ~ 49% of total costs are in €
  - COGS + Operating Expenses

~Total Costs (COGS+OpEx) by Currency (Q314)*



- Quarterly Effect of ±1% change (€ vs. $)
  - ±$4M to $5M on gross profit
  - Further ±$4M to $5M on operating expenses
- Total EBIT quarterly impact ~ ±$8M to $10M

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

- Q414 ~74% /1.30
- Q115 ~47% / 1.29
- Q215 ~32% / 1.28
- Q315~24% / 1.28

* Euro (€) includes currencies such GBP, CHF, MAD

** Outstanding hedges and un-hedged portion at EUR/USD 1.2732 - as of October 28th 2014

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4Q14 Outlook

- **4Q14 Revenues**
  - **Due to the ongoing soft market conditions, we expect net revenues to decrease sequentially by about 3.5% at the mid-point**
  - **All product groups decreasing except our AMS group thanks to key product ramp-ups, such as analog microphones, new 6-axis gyroscopes and touch controllers.**

- **4Q14 Gross Margin**
  - **Based upon our revenue growth outlook as well as product mix between analog and digital we anticipate that our fourth quarter gross margin will decrease to about 33.8% at the midpoint of the range**
  - **Mainly driven by a higher level of unused capacity charges as our manufacturing capacity in digital technology is expected to be at a low level of utilization**

- The Company expects fourth quarter 2014 revenues to decrease about 3.5% on a sequential basis, plus or minus 3.5 percentage points. Gross margin in the fourth quarter is expected to be about 33.8%, plus or minus 2.0 percentage points and reflects significantly higher unsaturation charges negatively impacting gross margin by about 150 to 200 basis points compared to the third quarter

Outlook based on an assumed effective currency exchange rate of approximately $1.30= €1.00 for 4Q14 and includes the impact of existing hedging contracts. 4Q14 will close on December 31, 2014

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ST Financial Model*

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

As we look further out to 2H 2015 and considering the current soft market conditions we are now working to drive our financial model as follows:

- 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**

ST is on a solid track for a very substantial progression from the 3Q14 operating margin excluding impairment and restructuring costs of 4.0%

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*Based on an average effective exchange rate of 1.27 Euro/dollar
**Including SG&A and R&D expenses net of R&D grants

Appendix

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Pre-Tax Items to Adjusted Earnings*

OPERATING RESULT

NET EARNINGS

In US$M	3Q13	2Q14	3Q14
U.S. GAAP Net Earnings	(142)	38	72
Impairment & Restructuring Charges (attributable to Parent Company's shareholders)**	117	20	38
Loss on equity-method investments	4	44	-
Estimated Income Tax effect of Adjustment	(2)	-	7
Adjusted Net Earnings*	(23)	102	117

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* See appendix

** Total Impairment & Restructuring Charges were $120M in 3Q13, $20M in 2Q14 and $38M in 3Q14.

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 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.

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