



Q1 2010 Financial Results

STMicroelectronics

A Global Semiconductor Company



Q110 revenue: \$2,325M
By location of order shipment

13%
America

27%
EMEA

41%
**Greater
China &
South Asia**

19%
**Japan &
Korea**

- ❑ 15 main manufacturing sites
- ❑ Advanced R&D centers in 10 countries
- ❑ Over 51,000 employees, including ST-Ericsson
- ❑ Listed on NYSE Euronext (New York & Paris) and Milan stock exchanges

STMicroelectronics

Q110 Highlights

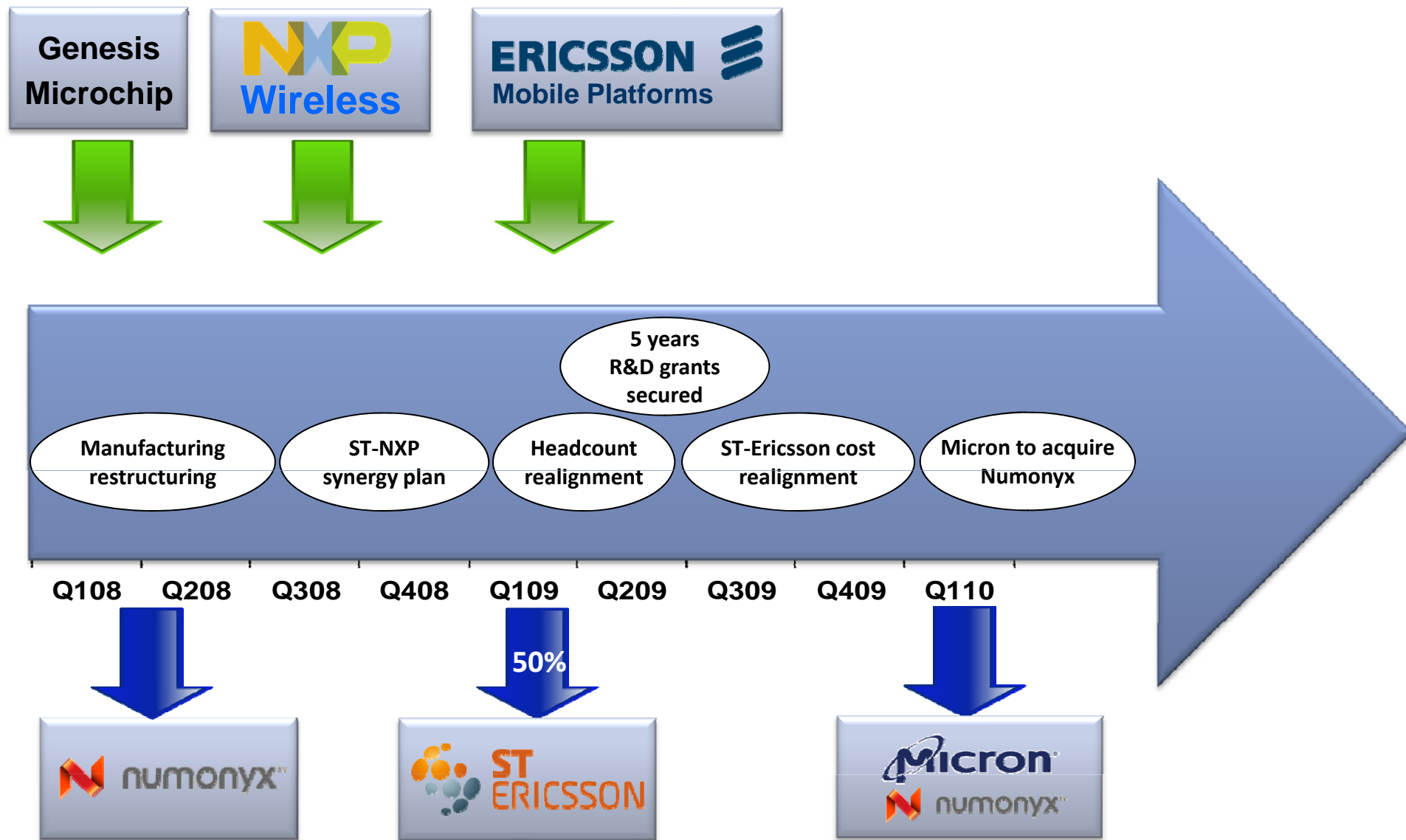


- Revenue of \$2,325 million, down 10.0% sequentially and up 40.1% year-over-year
- Gross margin of 37.7%, up 70 basis points sequentially and 1,140 basis points year-over-year
- Net earnings turned to a profit of \$57 million
 - 6 cents per diluted share
 - Despite Q110 revenues 20% lower than the “peak” of the Company and the losses incurred by ST-Ericsson
- Inventory turns of 4.6x
- Net operating cash flow* of \$176 million, 7.6% of sales
- Intense wave of design wins

Revenue and gross margin well in-line with our expectations;
the Company's performance continues to improve

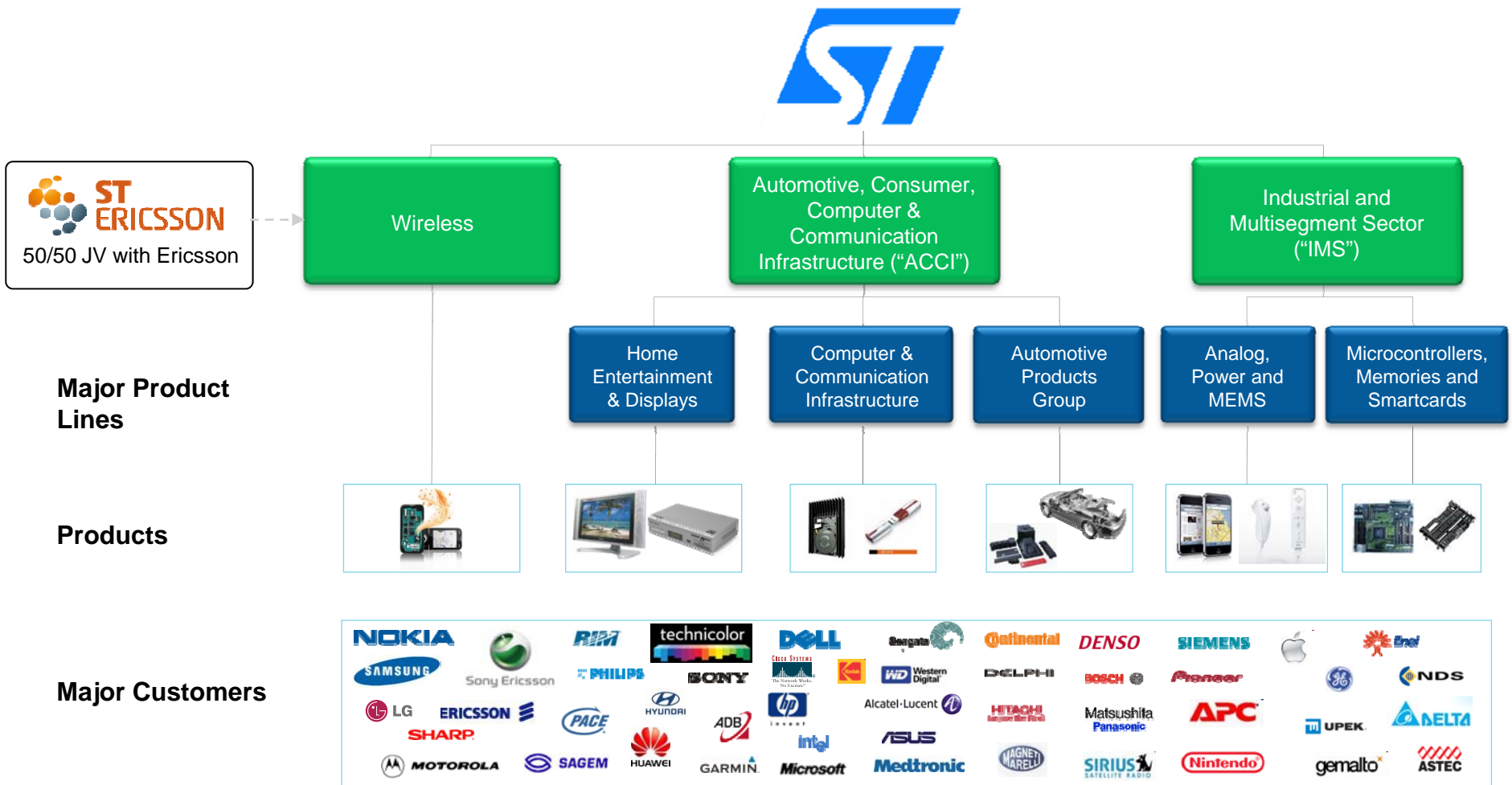
* see appendix

Reshaping ST's Product Portfolio



STMicroelectronics

Business Segments

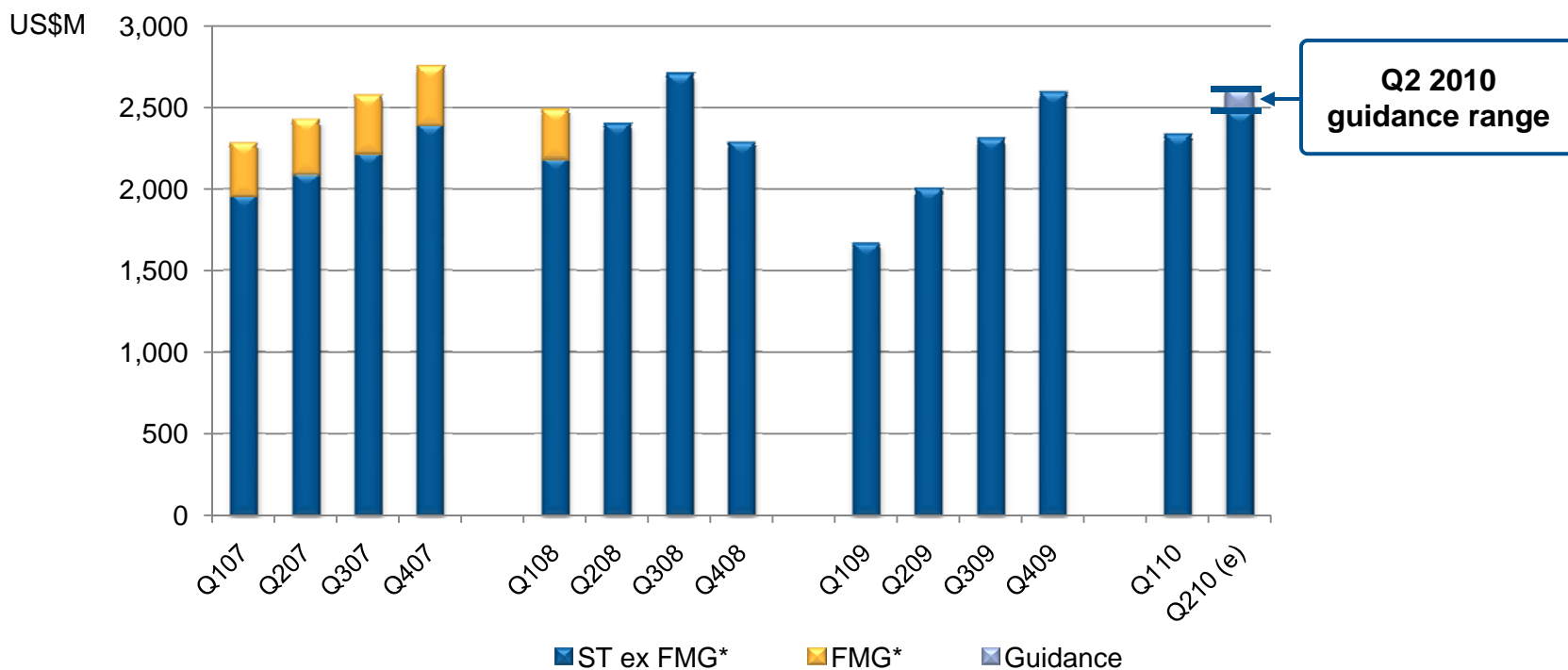


ST Q110 Revenues



Q110 Revenues = \$2,325M

- -10.0% sequentially, reflecting fewer days in the quarter, with ACCI and IMS better than seasonal while Wireless decreased by 17.6%
- +40.1% y-o-y, double-digit growth in all regions and market segments
- Q210 guidance: between +6% and +12% sequentially, +24% and +31% y-o-y

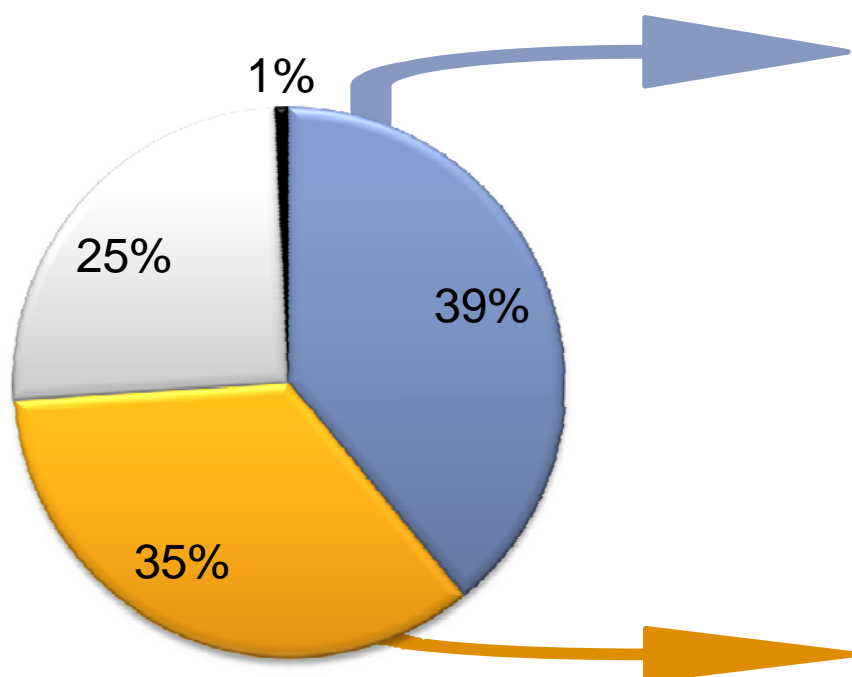


* see appendix

Revenues by Product Segment

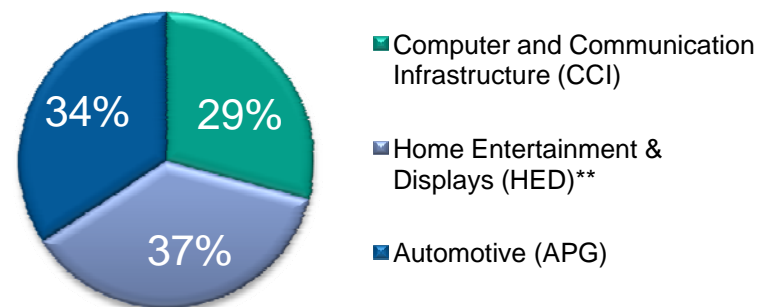


Q110 Sales: \$2,325M

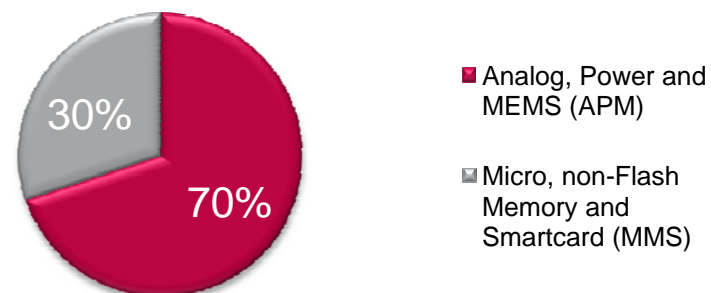


■ ACCI ■ IMS ■ Wireless* ■ Others

ACCI Segment



IMS Segment



ST's exposure to the Wireless segment at the earnings level is ~14%

* see appendix

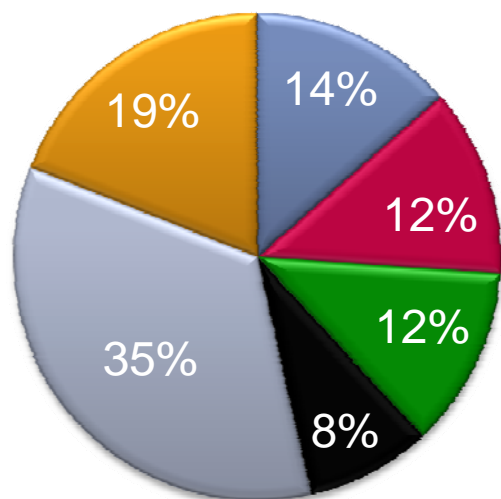
** Includes Imaging business

Revenues by Market Segment / Channel*



Q110 Sales: \$2,325M

Q110 Y-o-Y Performance



■ Automotive

■ Consumer

■ Telecom

■ Computer

■ Industrial & Other

■ Distribution

- **Automotive** **+61%**
- **Computer** **+59%**
- **Industrial** **+37%**
- **Consumer** **+24%**
- **Telecom** **+13%**

- **Distribution** **+114%**

* see appendix

Market Share Drivers



New Targeted Key Accounts



Regional Focus



Focused on...

- Key Marketing Initiatives
- Innovative Products

...to Drive Market Share Gains

New Marketing Programs



New Products



STMicroelectronics

Q110 ACCI Products and Wins



Digital Consumer

- New high-end STi7108 SoC, enabling 3D-ready hybrid Internet/broadcast-TV Set-top-boxes.



Automotive Electronics

- Several Body Control Modules design wins for 32-bit MCUs in Europe and the US.
- Significant share gained in a major worldwide engine-control management platform, covering all car segments.



Automotive Infotainment

- Important Cartesio+ design win from a leading OEM, targeting Japan.

Computer peripherals

- Two design wins with a world-leading printer manufacturer for inkjet Multi-Function Printers



Communication Infrastructure

- Four important ASIC designs with major customers – three of them in 32nm process technology

Q110 IMS Products and Wins



MEMS

- A 3-axis gyroscope with digital output selected for a next-generation smartphone.
- Continued momentum for accelerometers and gyroscopes in consumer, mobile and gaming applications.

Healthcare

- Agreement for the development and supply of a wireless MEMS sensor for a new platform enabling better management of glaucoma patients

Power

- Production ramping up for DC/DC converters ICs for the power management of AMOLED displays in mobile-phone applications from two major global players.
- Key design wins in power conversion ICs, including one for a kit to be used in a new 2011 TV platform and one from a leading game-console maker.
- Several design wins in power transistors for automotive, computer and photovoltaic applications

Memory & Microcontrollers

- Several additions to STM32 general-purpose MCUs family (offering up to 1 Mbyte of Flash, Value Line...).
- Launch of an innovative dual-interface EEPROM chip.



Q110 ST-Ericsson Products and Wins



- Announced numerous enhancements to U8500, its advanced smartphone platform, also breaking through 1.2 Ghz performance barrier
- Launched U6715, a new low-cost, compact and very power-efficient Android-ready platform, broadening the smartphone segment to the mass market
- TD-SCDMA technology selected by HTC for its smartphones in China
- Cooperation with China Mobile on TD-LTE development
- Selected by Sagem Wireless as its platform provider for future Sagem Wireless devices



Financial Performance



<i>In US\$M, except EPS</i>	Q109	Q409		Q110
Net Revenues	1,660	2,583		2,325
Gross Margin	26.3%	37.0%		37.7%
Adjusted Operating Profit* Adjusted Operating Margin*	(337) -20%	90 3.5%		13 0.5
Net Income – Reported	(541)	(70)		57
EPS Diluted Adjusted EPS Diluted*	(0.62) (0.31)	(0.08) 0.04		0.06 0.07
Net Operating Cash Flow before M&A**	(139)	221		176
Effective Exchange Rate €/\$	1.33	1.43		1.39

* see next slide

** see appendix

Pre-Tax Items to Adjusted Earnings*



OPERATING RESULT NET EARNINGS	<i>In US\$M</i>	Q109	Q409		Q110
	U.S. GAAP Net Earnings	(541)	(70)		57
	Impairment & Restructuring Charges (attributable to Parent Company's shareholders)**	56	65		20
	Other-than-Temporary Impairment	58			
	Realized losses on Financial Assets		68		
	Numonyx Impairment	200			
	Estimated Income Tax effect of Adjustment	(40)	(27)		(15)
	Adjusted Net Earnings*	(267)	36		62

* see appendix

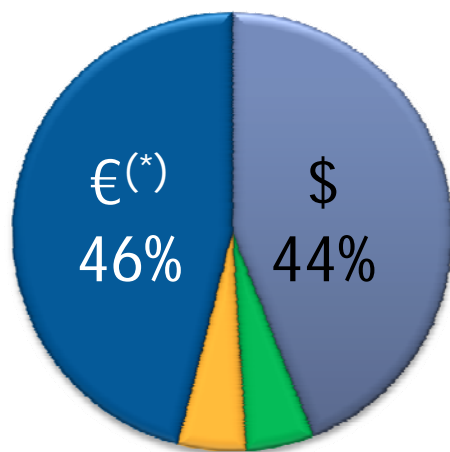
** Total Impairment & Restructuring Charges were \$56M in Q109, \$96M in Q409 and \$33M in Q110

Currency Exposure



~Total Costs (COGS+OpEx) By Currency^(*)

Q110



Other 5% SEK 5%

Current Exposure to the Euro

- COGS: Q110 ~ 40%
- OpEx: Q110 ~ 55%
- Fixed Assets: Q110 ~ 60%

Quarterly Currency Effect

+1% change (€ vs. \$) =

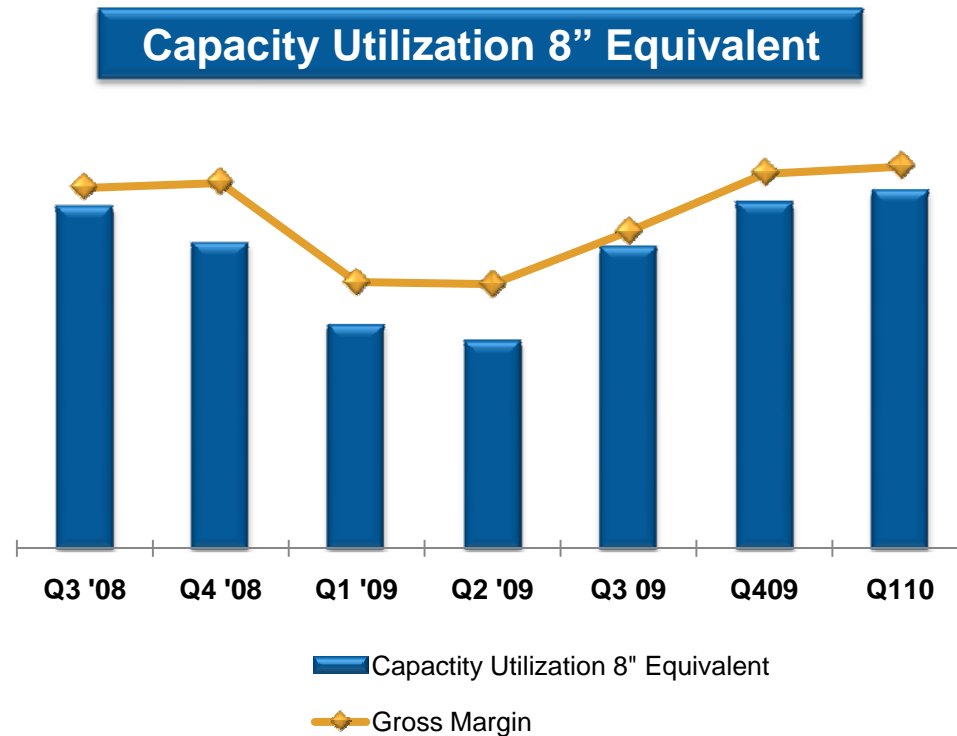
- -\$4M to -\$5M on gross profit
- Further -\$4M to -\$5M on OpEx
- Total EBIT impact is ~ -\$8M to -\$10M

^{*}Euro (€) includes currencies such GBP, CHF, MAD Morocco.

Gross Margin



- **Q110 gross margin at 37.7%**
 - up 70 bps sequentially, in contrast to a normal seasonal decrease
 - up 1,140 bps year-on-year
 - mainly driven by high fab loading



Product Segments:

Revenue & Operating Margin Trends



ACCI

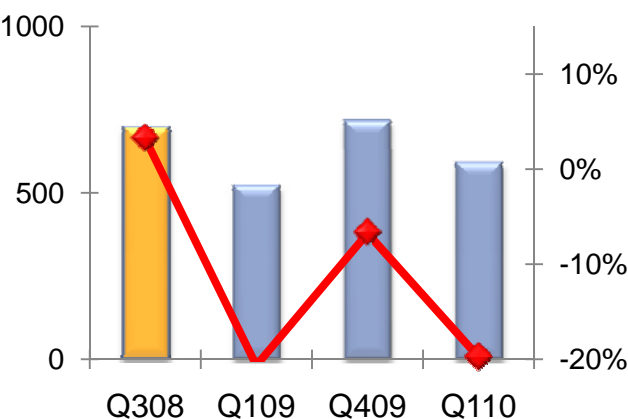
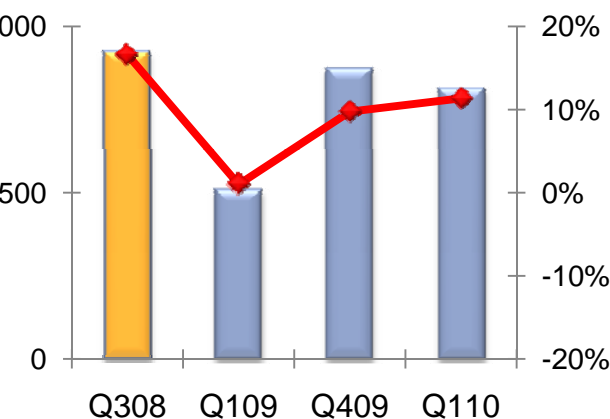
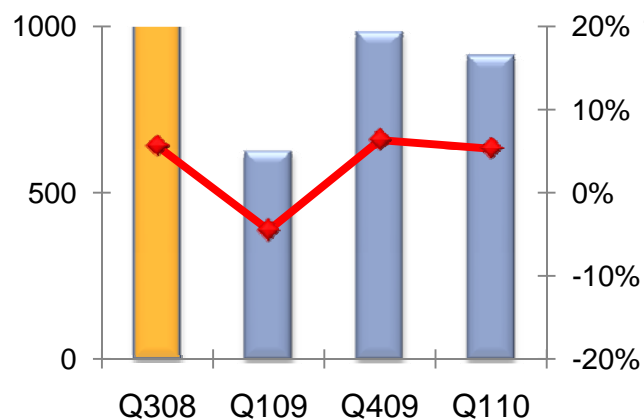
IMS

Wireless*

US\$M

US\$M

US\$M



50% losses are minority interest

Revenue
Operating Margin**

* see appendix

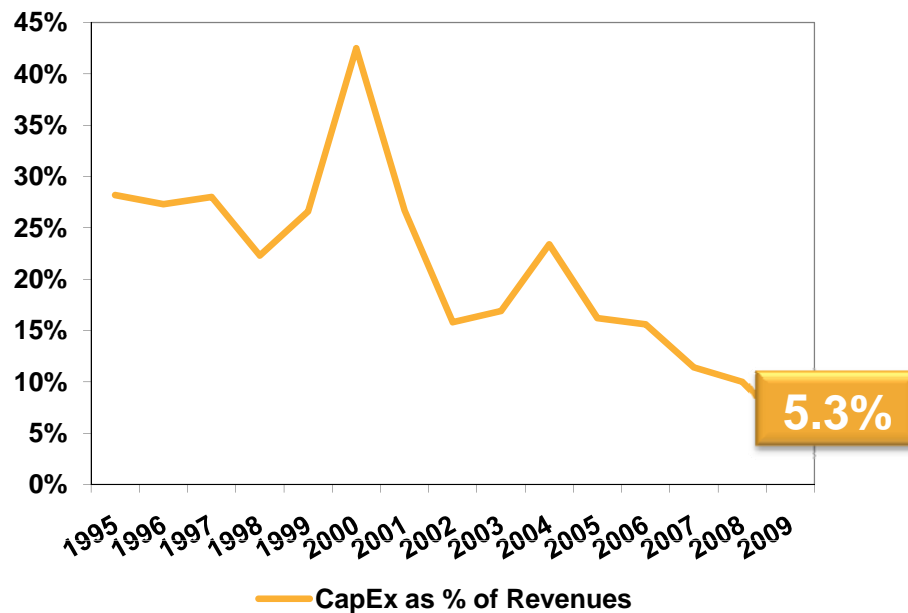
** Segment operating results exclude, among others, unsaturation charges.

Assets Management: PPE



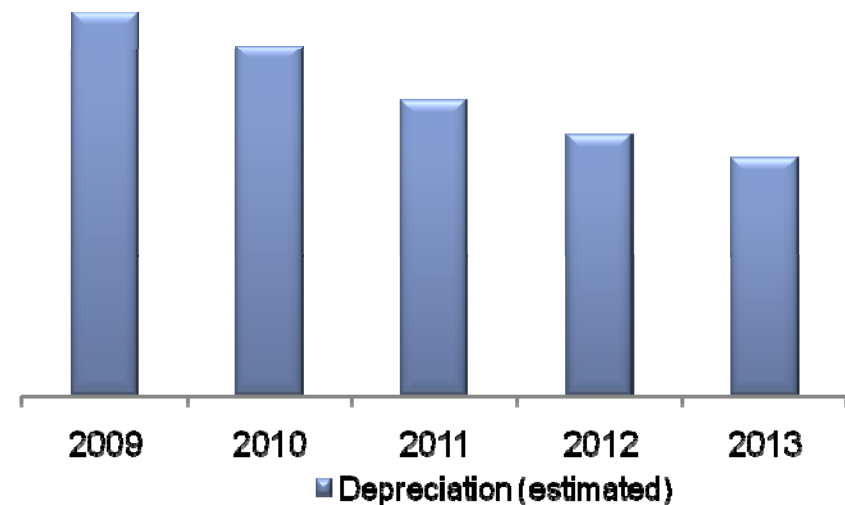
- Capex at \$179M in Q110
 - Principally related to an increase in capacity
 - Sustainable 5% to about 7% capex-to-sales ratio in a cycle

CapEx to Sales Ratio



Depreciation

2009 Base = 100 at constant Euro/US\$ rate

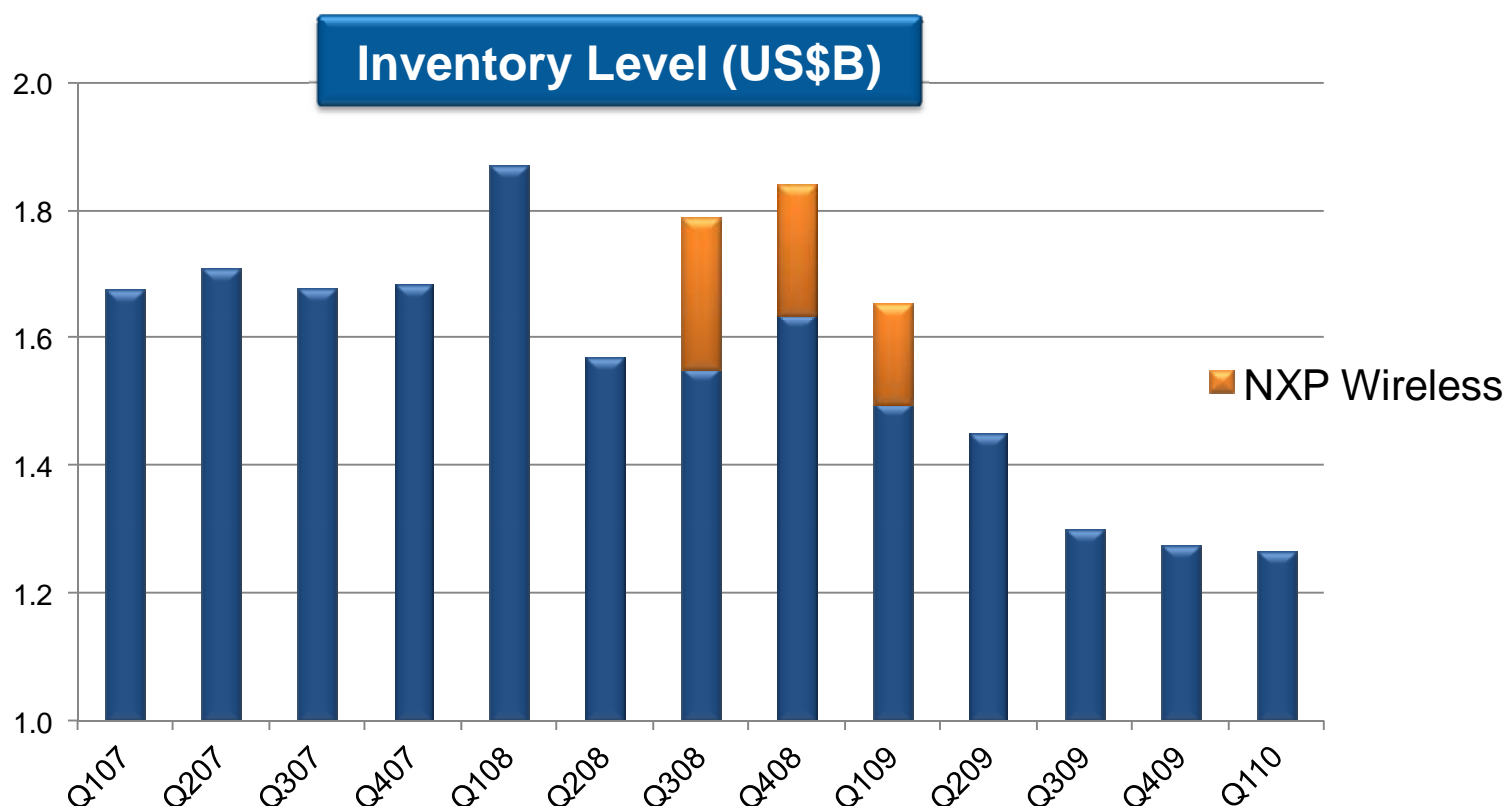


Assets Management: CCC

(Cash Conversion Cycle)



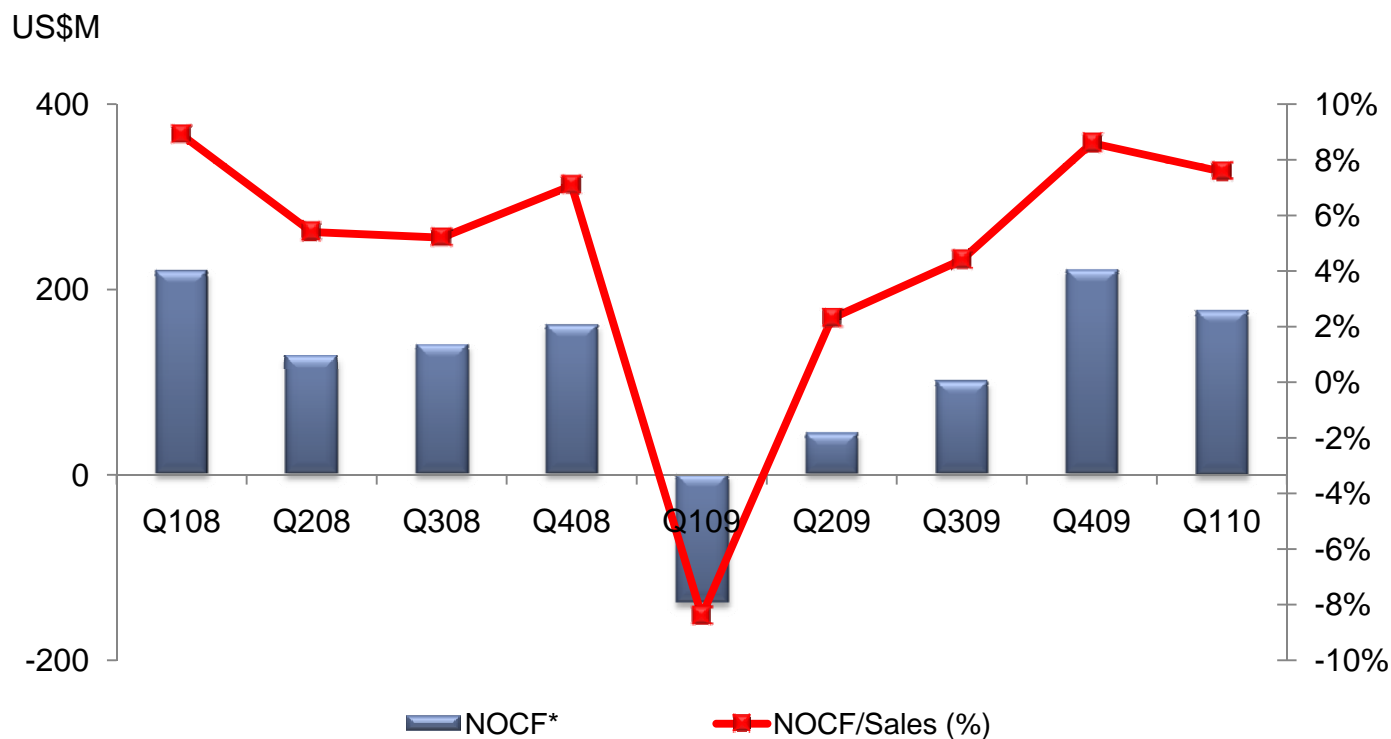
- Inventory at \$1.27B at the end of Q110
- Down \$391M compared to Inventory at the end of Q109
- Turns were 4.6, inline with the 4.5 to 5 targeted range



Net Operating Cash Flow



Net Operating Cash Flow (ex M&A)*



* see appendix

Net Financial Position*



End of period (US\$ and in millions)	Mar. 28, 2009	Dec. 31, 2009	Mar. 27, 2010
Available Cash	2,107	2,394	2,342
ST-Ericsson Cash	358	226	118
Marketable Securities, Non-current	184	42	47
Restricted Cash	250	250	250
Total Liquidity	2,899	2,912	2,757
Total Financial Debt	(2,645)	(2,492)	(2,191)
Net Financial Position	254	420	566

* see appendix

Numonyx Deal*



Transaction

- Micron to acquire Numonyx Holdings B.V., a market-leading global supplier of non-volatile memory
- All-stock transaction: 140M shares of Micron common stock
 - Up to 10M additional shares if the volume weighted average price of Micron's common stock is lower than \$9.00 per share at closing
- Expected to close 3 to 6 months after the February 9, 2010 announcement, depending upon regulatory approval and customary closing conditions

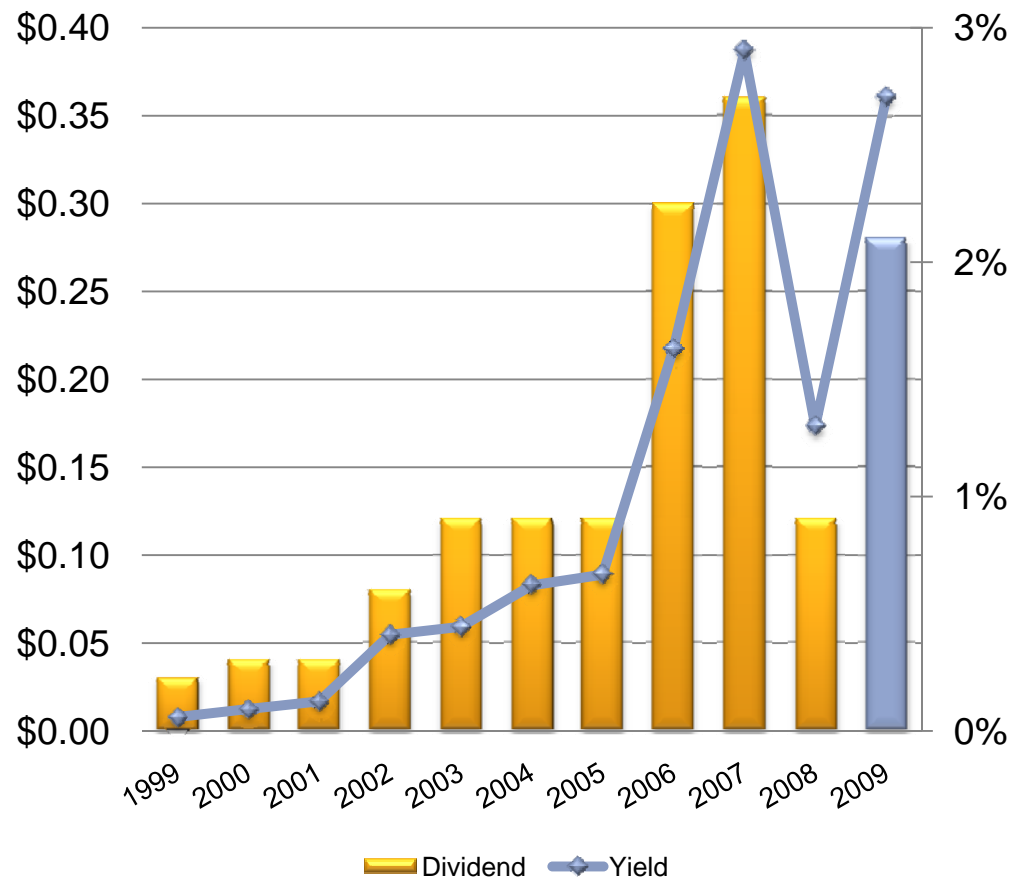
Consideration for ST

- In exchange for ST's 48.6% stake in Numonyx and cancellation of the 30-year note due to ST by Numonyx:
 - ~66.6M shares of Micron common stock (taking into account a payable of \$77.8M due by ST to Francisco Partners) ; and
 - transfer of the M6 industrial facility in Catania, Italy
 - ST plans to contribute the M6 facility to the new photovoltaic joint initiative among Enel, Sharp and ST for equity contribution of €60M
- Numonyx will redeem the full amount of its outstanding \$450M term loan at closing, simultaneously terminating debt guaranteed by ST for \$225M
- Value of the Micron shares allocated to ST (net of Francisco Partners payable): ~\$527M
Expected gain on overall consideration for ST at closing: ~\$280M
- Micron shares to be held by ST as a financial investment

- Sustainable continuity to customers and employees of former ST's Flash memory business
 - Short-term path to liquidity for ST's equity investment
 - Over \$800M improvement of ST's capital structure

* Based on Micron's trading price of \$9.08 per share on February 9, 2010

Dividend Evolution



Proposal to increase the dividend to \$0.28 per share representing a 2.7% yield*

*Based on ST's share price as of April 22, 2010. 2009 annualized dividend is payable in four equal installments: May, August and November 2010 and February 2011.

Q210 Outlook



- Revenue: up sequentially between 6% and 12%
 - Equates to growth of 24% to 31% y-o-y
 - Solid progression driven by IMS and ACCI
 - Assumes flat sequential revenues for ST-Ericsson
- Gross Margin: about 38% plus or minus 1 percentage point
 - Based upon the anticipated mix of revenue; decreasing portion of wireless as a percentage of total ST revenues

Outlook based on an assumed effective currency exchange rate of approximately \$1.38 = €1.00 for the 2010 second quarter, which reflects an assumed exchange rate of \$1.34 = €1.00 combined with the impact of existing hedging contracts. The second quarter will close on June 26, 2010.

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 :*
 - *Significant changes in demand in the key application markets and from key customers served by our products make it extremely difficult to accurately forecast and plan our future business activities. In particular, following a period of significant order cancellations, we recently experienced a strong surge in customer demand, which has led to capacity constraints in certain applications;*
 - *our ability to utilize and operate our manufacturing facilities at sufficient levels to cover fixed operating costs in periods of reduced customer demand, as well as our ability to ramp up production efficiently and rapidly to respond to increased customer demand, and the financial impact of obsolete or excess inventories if actual demand differs from our expectations;*
 - *our ability to successfully integrate the acquisitions we pursue, in particular the successful integration and operation of the ST-Ericsson joint venture;*
 - *ST-Ericsson is a new wireless joint venture, representing a significant investment and risk for our business. The joint venture is currently engaged in restructuring initiatives and further declines in the wireless market, as well as the inability of ST-Ericsson to complete its ongoing restructuring plans or to successfully compete, could result in additional significant impairment and restructuring charges;*
 - *we currently also hold a significant non-marketable equity investment in Numonyx and are a guarantor of \$225 million of its debts. As previously announced, together with our partners Intel Corporation and Francisco Partners, we have entered into a definitive agreement with Micron Technology Inc ("Micron"), pursuant to which Micron will acquire Numonyx in an all-stock transaction. There is no guaranty as to when, or if, the transaction will close, or whether the transaction will close pursuant to the terms currently planned. Furthermore, our shares in Micron are subject to certain resale restrictions and, consequently, there is no guaranty as to when we will be able to sell them and at what price;*
 - *our ability to compete in our industry since a high percentage of our costs are fixed and are incurred in currencies other than U.S. dollars, especially in light of the volatility in the foreign exchange markets and, more particularly, in the U.S. dollar exchange rate as compared to the other major currencies we use for our operations;*
 - *the outcome of ongoing litigation as well as any new litigation to which we may become a defendant;*
 - *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;*
 - *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;*
 - *our ability to execute our restructuring initiatives in accordance with our plans if unforeseen events require adjustments or delays in implementation or require new plans;*
 - *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;*
 - *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, earthquakes, volcano eruptions or other acts of nature in, or affecting, the countries in which we, our key customers or our suppliers, operate.*
- *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, 2009, as filed with the SEC on March 10, 2010. 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.*

Appendix

- **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.
- **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, current and non-current marketable securities, short-term deposits and restricted cash, and our total financial debt include bank overdrafts, the current portion of long-term debt and long-term debt, all as represented 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 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.
- **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 attributable to Parent Company's shareholders, 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.
- **Key Information on Consolidation / Deconsolidation:**
 - ST completed the deconsolidation of its Flash Memory Group (FMG) segment and took an equity interest in Numonyx on March 30, 2008, which is reported under the equity method of valuation with a one quarter lag in reporting.
 - ST-NXP Wireless, a joint venture initially owned 80% by ST, began operations on August 2, 2008 and was fully consolidated into ST's operating results. On February 1, 2009 and prior to the closing of the merger of ST-NXP Wireless and Ericsson Mobile Platforms to create ST-Ericsson, ST exercised its option to buy out NXP's 20% ownership stake of ST-NXP Wireless.
 - ST-Ericsson, a joint venture owned 50% by ST, began operations on February 3, 2009 and is consolidated into ST's operating results as of that date. ST-Ericsson is led by a development and marketing company and is consolidated by ST. A separate platform design company providing platform designs mostly to the development and marketing company is accounted for by ST using the equity method.
- **Wireless Segment:** As of February 3, 2009, "Wireless" includes the portion of sales and operating results of the 50/50 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.
- **Sales recorded by ST-Ericsson and consolidated by ST are included in Telecom and Distribution**