



PRESS RELEASE

STMicroelectronics Reports 2011 First Quarter Financial Results

- Net revenues up 9.0% year-over-year to \$2.53 billion
- Gross margin up 140 basis points year-over-year to 39.1%
- Net income up year-over-year to \$170 million
- STMicroelectronics - Consolidated Statements of Income
- STMicroelectronics - Consolidated Balance Sheets
- STMicroelectronics - Selected Cash Flow Data

Geneva, April 26, 2011 -

STMicroelectronics (NYSE: STM) reported financial results for the first quarter ended April 2, 2011.

President and CEO Carlo Bozotti commented, "Overall, ST had a solid start in 2011. Year-over-year, our revenues were particularly strong in automotive applications and in our Analog, MEMS, Microcontrollers and Power Discrete offerings. Our gross margin improved 140 basis points and our operating margin before restructuring attributable to ST reached 9.9%.*"

"Analog, MEMS and Microcontrollers revenues increased 38% year-over-year with broad contribution from its new product families. Power Discrete Products revenues increased 18% and Automotive, Consumer, Computer and Communication Infrastructure, mainly driven by strong demand in automotive, also increased 18%. Wireless revenues decreased 34% as sales of ST-Ericsson's legacy products declined more than anticipated while the company is progressing in its portfolio transition and the expansion of its customer base."

"It is clear that our new products, well positioned on our targeted applications, are gaining traction and this makes us confident for 2011 as a whole, despite the short-term impact to the semiconductor industry's supply chain due to the dramatic events in Japan. Our customer base is rapidly expanding as we are helping our customers to grow and take leadership positions in their businesses."

()Operating margin before restructuring attributable to ST is a non-U.S. GAAP measure. Please refer to Attachment A for additional information explaining why the Company believes these measures are important and for reconciliation to U.S. GAAP.*

Summary Financial Highlights

| (In Million US\$) | Q1 2011 | Q4 2010 | Q1 2010 |
|--|----------------|----------------|----------------|
| Net Revenues(*) | 2,535 | 2,833 | 2,325 |
| Gross Margin | 39.1% | 39.9% | 37.7% |
| Operating Income before restructuring* | 142 | 245 | 13 |
| Operating Margin before restructuring* | 5.6% | 8.7% | 0.5% |
| Attributable to ST* | 9.9% | 12.4% | 4.0% |
| Net income | 170 | 219 | 57 |

() Net revenues include sales recorded by ST-Ericsson as consolidated by ST*

First Quarter Review

ST's net revenues increased 9.0% on a year-over-year basis, with regional growth led by Greater China South Asia and the Americas with sales up 18% and 13% respectively. On

Microcontrollers (AMM) and Power Discrete Products (PDP) as well as a stronger than anticipated decline at ST-Ericsson.

Gross margin increased 140 basis points compared to the year-ago quarter, principally reflecting higher volumes and manufacturing efficiencies that more than offset negative pricing trends. On a sequential basis, gross margin declined by 80 basis points and was penalized by a decrease in volume and prices partially offset by manufacturing efficiencies and product innovation.

Combined SG&A and R&D expenses were \$874 million compared to \$876 million and \$914 million in the year-ago and prior quarter, respectively. Combined operating expenses, as a percentage of sales, were 34.5% in the 2011 first quarter compared to 37.7% and 32.3% in the year-ago and prior quarter, respectively.

Impairment and restructuring charges decreased to \$24 million compared to \$33 million and \$32 million in the year-ago and prior quarter, respectively. At the end of the first quarter, ST closed its Phoenix, Arizona fab, thereby substantially completing the Company's restructuring of manufacturing operations.

Operating margin before restructuring attributable to ST more than doubled in the 2011 first quarter compared to the year-ago quarter, principally reflecting higher revenues and product innovation. On a sequential basis, the operating margin before restructuring attributable to ST decreased principally due to lower revenues.*

Net income increased significantly on a year-over-year basis to \$0.19 per diluted share, compared to \$0.06 per diluted share in the year-ago quarter. In the prior quarter earnings per diluted share were \$0.24.

For the 2011 first quarter, the effective average exchange rate for the Company was approximately \$1.33 to €1.00 compared to \$1.34 to €1.00 for the 2010 fourth quarter and \$1.39 to €1.00 for the 2010 first quarter.

(*) Operating income before restructuring, operating margin before restructuring and operating margin before restructuring attributable to ST are non-U.S. GAAP measures. For additional information, please refer to Attachment A.

Net Revenues by Market Segment

| Net Revenues By Market Segment / Channel (*) (In %) | Q1 2011 | Q4 2010 | Q1 2010 |
|--|----------------|----------------|----------------|
| Market Segment / Channel: | | | |
| Automotive | 17% | 15% | 14% |
| Computer | 14% | 14% | 12% |
| Consumer | 11% | 11% | 12% |
| Industrial & Other | 8% | 8% | 8% |
| Telecom | 26% | 31% | 35% |
| | | | |
| Total OEM | 76% | 79% | 81% |
| Distribution | 24% | 21% | 19% |

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

On a year-over-year basis, all market segments, except Telecom, posted growth, with Automotive up by 34%, Computer by 24%, Industrial & Other by 11% and Consumer by 2%. Telecom declined by 20%. Distribution increased 39%. Sequentially, all market segments declined, except Automotive, with Consumer lower by 11%, Industrial & Other by 7%, Computer by 8% and Telecom by 26%. Automotive was up by 1%. Distribution increased by 2%.

Revenues and Operating Results by ST Product Segment

Commencing January 1, 2011, the Company began reporting Industrial and Multisegment Sector (IMS) in two sub-segments. The first, Analog, MEMS and Microcontrollers ("AMM") is comprised of all Analog products from the former product line Analog, Power and Micro-Electro-Mechanical Systems ("APM"), and the former product line Microcontrollers, non-flash non volatile Memory and Smart Card products ("MMS") The second sub segment is

| Operating Segment (In Million US\$) | Q1 2011 Net Revenues | Q1 2011 Operating Income (Loss) | Q4 2010 Net Revenues | Q4 2010 Operating Income (Loss) | Q1 2010 Net Revenues | Q1 2010 Operating Income (Loss) |
|--|----------------------------|--|----------------------------|--|----------------------------|--|
| ACCI^(a) | 1,052 | 116 | 1,107 | 134 | 892 | 49 |
| AMM^(a) | 755 | 166 | 786 | 192 | 546 | 65 |
| PDP | 333 | 50 | 366 | 63 | 282 | 26 |
| Wireless^(b) | 384 | (180) | 562 | (136) | 587 | (116) |
| Others^{(c) (d)} | 11 | (34) | 12 | (40) | 18 | (44) |
| TOTAL | 2,535 | 118 | 2,833 | 213 | 2,325 | (20) |

(a) Reflecting the transfer of a small business unit from ACCI to AMM as of January 1, 2011, the Company has reclassified prior period revenues and operating income results from ACCI to AMM.

(b) Wireless includes the portion of sales and operating results of ST-Ericsson as consolidated in the Company's revenues and operating results, as well as other items affecting operating results related to the wireless business.

(c) Net revenues of "Others" includes revenues from sales of Subsystems, assembly services and other revenues.

(d) Operating income (loss) of "Others" includes items such as unused capacity charges, impairment, restructuring charges and other related closure costs, phase out and start-up costs, and other unallocated expenses such as: strategic or special research and development programs, certain corporate-level operating expenses, patent claims and litigations, and other costs that are not allocated to product groups, as well as operating earnings or losses of the Subsystems and Other Products Group. "Others" includes \$24 million, \$32 million, and \$33 million of impairment, restructuring charges and other related closure costs in the first quarter of 2011 and fourth and first quarters of 2010, respectively.

ACCI (Automotive/Consumer/Computer/Communication Infrastructure Product Groups) first quarter net revenues increased 18% year-over-year, mainly driven by strong growth in Automotive. Sequentially, ACCI revenues were down 5%, reflecting a seasonal decline in Consumer and Computer partially offset by solid growth in Automotive. ACCI operating margin was 11.0% compared to 5.5% and 12.1% in the year-ago and prior period, respectively.

AMM (Analog, MEMS and Microcontrollers) first quarter net revenues increased 38% in comparison to the year-ago period on strong growth across all its product families, in particular MEMS. Sequentially, AMM revenues were lower by 4%. AMM operating margin was 22.0% in the 2011 first quarter, compared to 12.0% and 24.4% in the year-ago and prior quarter, respectively.

PDP (Power Discrete Products) first quarter net revenues increased 18% year-over-year, principally reflecting strong momentum in power MOSFETs and IGBTs. On a sequential basis, PDP revenues decreased 9%. PDP operating margin was 15.1% in the 2011 first quarter, compared to 9.1% in the year-ago period and 17.2% in the prior quarter.

Wireless net revenues in the first quarter decreased 34% year-over-year and 32% sequentially. Revenues in the first quarter reflected normal seasonal trends but declined more than anticipated due to a steeper drop in sales of ST-Ericsson's legacy products and weak demand at a single customer. Wireless operating loss, excluding non-controlling interest, was \$91 million in the first quarter compared to a loss of \$47 million and \$64 million in the year-ago and prior periods.

ST recorded \$87 million of income in the first quarter of 2011 compared to \$72 million and \$83 million in the year-ago and prior quarter, respectively, of the non-controlling interest, mainly related to the ST-Ericsson joint venture. Non-controlling interest is posted below operating results in ST's Consolidated Income Statement and reflects primarily Ericsson's 50% share in the joint venture's results, as consolidated by ST.

For additional information see ST-Ericsson's Q1 2011 earnings results press release at

in the year-ago and prior periods, respectively.*

In the first quarter ST posted a gain of \$21 million and realized net proceeds of \$195 million from selling all remaining Micron shares and related unwound hedging instruments received in 2010 as a result of its final divestiture of the Flash memory business. ST has realized total net proceeds of \$514 million from the sale of all Micron shares, the related unwound hedging instruments and the payment to the equity partner.

As anticipated, capital expenditures were \$466 million during the first quarter of 2011 compared to \$423 million and \$179 million in the prior and year-ago quarters.

Inventory was \$1.67 billion at quarter end compared to \$1.50 billion at December 31, 2010, mainly due to the lower than expected wireless sales. In the first quarter inventory turns were 3.7.

On February 23, 2011, as holders were able to call for the redemption of ST's outstanding 2016 Convertible Bonds, the Company paid \$44 million to redeem a portion of its 2016 convertible bonds. In addition, the Company paid \$30 million to repurchase a portion of its 2013 Eurobonds.

()Free cash flow is a non-U.S. GAAP measure. For additional information, please refer to Attachment A.*

ST continued to maintain a strong net financial position with a net cash position of \$1.14 billion at April 2, 2011 compared to \$1.15 billion at December 31, 2010 and \$566 million at March 27, 2010. ST's cash and cash equivalents, short-term deposits, marketable securities (current and non-current) equaled \$2.89 billion and total debt was \$1.75 billion at April 2, 2011.*

Total equity was \$8.84 billion, including non-controlling interest of \$833 million at quarter end.

In the 2011 first quarter the Company posted a return on net assets (RONA) attributable to ST of 14.3%.*

Legal proceedings with respect to the collection of approximately \$358 million due to ST by Credit Suisse pursuant to the FINRA award are continuing. We are awaiting the decision by the Court of Appeals of the Second Circuit which held a hearing on March 28, 2011 on Credit Suisse's motion to oppose the enforcement of said award.

Second Quarter 2011 Business Outlook

Mr. Bozotti stated, **"Following the March 11th earthquake in northern Japan, ST quickly moved to ensure the safety of its employees and their families and to help its customers and partners. We want to express our heartfelt concern for all those affected. As the situation evolves, we will continue to work closely with our customers to assist them in any way we can. While the impacts to date have been manageable from ST's perspective, we remain vigilant and prepared to adjust to and support any shifts in demand or changes to the semiconductor supply-chain in the near-term."**

The Company expects second quarter 2011 revenues to evolve sequentially in the range of about -2% to +5% after taking into account ST-Ericsson's anticipated sequential net sales decline. As a result, gross margin in the second quarter is expected to be about 38.7%, plus or minus 1 percentage point.

This outlook is based on an assumed effective currency exchange rate of approximately \$1.37= €1.00 for the 2011 second quarter and includes the impact of existing hedging contracts. The second quarter will close on July 2, 2011.

Recent Corporate Developments

On March 16, ST announced the main resolutions to be submitted for shareholder approval at the Company's Annual General Meeting, which will be held in Amsterdam on May 3, 2011. The main resolutions, proposed by the Supervisory Board, include:

- The reappointment of **Mr. Carlo Bozotti** as the sole member of the Managing Board and the Company's President and Chief Executive officer for a three-year term, expiring at the 2014 Annual General Meeting;
- The reappointment for a three-year term, expiring at the 2014 Annual General Meeting, for the following members of the Supervisory Board: Mr. Didier Lombard, Mr. Bruno Steve and Mr. Tom de Waard;
- The appointment of Messrs. Jean d'Arthuys, Jean-Georges Malcor and Alessandro Rivera as new members of the Supervisory Board for a three-year term, expiring at the 2014 Annual General Meeting in replacement of Gerald A. Bola and Antonino T. Micchi. These mandates will be placed under the supervision of the Board of Directors.

()Net financial position and RONA attributable to ST are non-U.S. GAAP measures. For additional information, please refer to Attachment A.*

- The distribution of a cash dividend of US\$0.40 per share, to be paid in four equal quarterly installments in May, August and December 2011 and February 2012 to shareholders of record in the month of each quarterly payment

The record date for all shareholders to participate at the Annual General Meeting was April 5, 2011. The complete agenda and all relevant detailed information concerning the STMicroelectronics N.V. Annual General Meeting, as well as all related AGM materials, are available on the Company's web site (www.st.com) and made available to shareholders in compliance with legal requirements.

On March 30, Fond Stratégique d'Investissement (FSI) announced that it had completed the acquisition of Areva's indirect interest in ST, with an indirect stake of 10.9% in the Company. FSI thus substitutes and succeeds Areva as a party to the shareholders' agreement relating to ST Holding NV. In addition, FSI and the Italian Ministry of Economy and Finance have agreed in principle to extend the balance period provided for in the shareholders' agreement, from March 17, 2011 to December 31, 2011.

Q1 2011 – Product and Technology Highlights

During the quarter, the Company made solid progress with important new product introductions, joint developments with customers and significant design wins in key growth areas, including smart consumer devices, energy management, healthcare and security.

ACCI

Automotive

- Awarded a significant design win as the sole supplier for VIPower intelligent power devices from the largest automotive tier-one customer in the car-body electronics area for its next-generation of Body-Control Modules.
- Started shipments to leading customers of the first intelligent car-audio power amplifier designed for fuel-efficient 'Start-Stop' vehicles. The chip will be used in major car models being introduced this year in Europe.

Computer and Communications Infrastructure

- Gained design wins for the SPEAr® embedded microprocessor family for a range of markets, including smart grid, test instrument and solar-energy applications.
- Earned two design wins for next-generation ASICs, one analog and one digital, from a leading worldwide printer manufacturer.
- Received 'Supplier of the Year' award from Ciena Corporation, the network specialist.

Home Entertainment and Displays

- First shipments to a Japanese customer of the 'Freeman' iDTV System-on-Chip, which supports 3DTV displays and Video-on-Demand services.
- Launched and demonstrated at the Mobile World Congress, the 'Mobility DisplayPort' (MYDP) interface standard, enabling seamless delivery of full HD audio and video from smart mobile devices to TVs.
- Earned a key design win from a world-leading mobile phone maker for an image processor that will be used in most of this manufacturer's upcoming smartphones.

Analog, MEMS and Microcontrollers (AMM)

- Introduced an innovative LED driver for general lighting; gained several design wins in both China and India for LED bulbs designed to replace incandescent lamps.
- Launched a new Sound Terminal® IC, which offers an audio processor optimized for MEMS-enhanced speakers and integrates a direct digital microphone input and active sound shaping for best-in-class playback quality.
- Introduced the market's smallest three-axis analog gyroscope for high-precision gesture control and user interfaces.
- Introduced the iNemo Engine, an advanced filtering and predictive software solution that provides accurate motion-sensor data to enable new applications and features in smartphone handsets, tablets and gaming devices.
- Began ramping up production of the high-performance 120MHz ARM Cortex™-M3 based STM32F-2 series of Microcontrollers with 90nm embedded Flash memory.
- Extended the ultra-low-power STM32L Microcontroller series for 'energy-lite' applications. The series also gained design-ins at major healthcare and smart meter OEMs.
- Announced a partnering effort with Gemalto to jointly develop an expanded range of secure solutions for NFC (Near-Field Communications) applications.

Power Discretes Products (PDP)

- Qualified 500 and 600V power MOSFETs for high-intensity-discharge and high-frequency-ballast lighting applications.

ST-Ericsson

Mobile's US network.

- Quanta Computer selected ST-Ericsson to power its LTE tablets using the NovaThor™ platform.
- Cooperation with Verizon Wireless on Thor™ 4G LTE modems to support its 4G LTE mobile broadband network.

ST's press releases are available at

http://www.st.com/internet/com/press/st_press_releases.jsp.

ST-Ericsson's press releases are available at

www.stericsson.com/press/press_releases.jsp.

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Use of Supplemental Non-U.S. GAAP Financial Information

This press release contains supplemental non-U.S. GAAP financial information, including operating income (loss) before restructuring, operating margin before restructuring, adjusted net earnings (loss), adjusted net earnings (loss) per share, free cash flow and net financial position.

Readers are cautioned that these measures are unaudited and not prepared in accordance with U.S. GAAP and should not be considered as a substitute for U.S. GAAP financial measures. In addition, such non-U.S. GAAP financial measures may not be comparable to similarly titled information by other companies.

See Attachment A of this press release for a reconciliation of the Company's non-U.S. GAAP financial measures to their corresponding U.S. GAAP financial measures. To compensate for these limitations, the supplemental non-U.S. GAAP financial information should not be read in isolation, but only in conjunction with the Company's consolidated financial statements prepared in accordance with U.S. GAAP.

Forward-looking information

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:

- *Changes in demand in the key application markets and from key customers served by our products, which make it extremely difficult to accurately forecast and plan our future business activities;*
- *our ability to utilize and operate our manufacturing facilities at sufficient levels to cover fixed operating costs during periods of reduced customer demand, as well as our ability to ramp up production efficiently and rapidly to respond to increased customer demand, in an intensely cyclical and competitive industry;*
- *the operations of the ST-Ericsson Wireless joint venture, which represents a significant investment and risk for our business and which may lead to significant additional impairment and restructuring charges, in the event ST-Ericsson is unable to successfully compete in a rapidly changing and increasingly competitive market;*
- *our ability to compete with products and prices in an intensely competitive industry and the financial impact of obsolete or excess inventories if actual demand differs from our expectations;*
- *our ability to maintain or improve our competitiveness when a high percentage of our costs are fixed and are incurred in Euros and currencies other than U.S. dollars, especially in light of the increasing volatility in the foreign exchange markets and, more particularly, in the U.S. dollar exchange rate as compared to the Euro and 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;*
- *product warranty or liability claims based on epidemic or delivery failures or recalls by our customers for a product containing one of our parts;*
- *our ability in an intensely competitive environment to successfully develop and 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;*

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severe weather, health risks, epidemics, earthquakes, tsunami (in particular, the aftermath of the recent events in Japan), volcano eruptions or other acts of nature in, or affecting, the countries in which we, our key customers or our suppliers, operate and causing unplanned disruptions in our supply chain and reduced or delayed demand from our customers.

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, 2010, as filed with the SEC on March 7, 2011. 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.

STMicroelectronics Conference Call and Webcast Information

On April 27, 2011, the management of STMicroelectronics will conduct a conference call to discuss the Company's performance for the first quarter of 2011.

The conference call will be held at 9:00 a.m. U.S. Eastern Time / 3:00 p.m. CET. The conference call will be available live via the Internet by accessing <http://investors.st.com>. Those accessing the webcast should go to the Web site at least 15 minutes prior to the call, in order to register, download, and install any necessary audio software. The webcast will be available until May 5, 2011.

About STMicroelectronics

STMicroelectronics is a global leader serving customers across the spectrum of electronics applications with innovative semiconductor solutions. ST aims to be the undisputed leader in multimedia convergence and power applications leveraging its vast array of technologies, design expertise and combination of intellectual property portfolio, strategic partnerships and manufacturing strength. In 2010, the Company's net revenues were \$10.35 billion. Further information on ST can be found at www.st.com.

STMicroelectronics Supplemental Non-U.S. GAAP Financial Information U. S. GAAP – Non-U.S. GAAP Reconciliation In Million US\$ Except Per Share Data

The supplemental non-U.S. GAAP information presented in this press release is unaudited and subject to inherent limitations. Such non-U.S. GAAP information is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for U.S. GAAP measurements. Also, our supplemental non-U.S. GAAP financial information may not be comparable to similarly titled non-U.S. GAAP measures used by other companies. Further, specific limitations for individual non-U.S. GAAP measures, and the reasons for presenting non-U.S. GAAP financial information, are set forth in the paragraphs below. To compensate for these limitations, the supplemental non-U.S. GAAP financial information should not be read in isolation, but only in conjunction with our consolidated financial statements prepared in accordance with U.S. GAAP.

Operating income (loss) before restructuring is used by management to help enhance an understanding of ongoing operations and to communicate the impact of the excluded items, such as impairment, restructuring charges and other related closure costs. Adjusted net earnings and earnings per share (EPS) are used by 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, the impact of equity investment divestiture and subsequent sale of Micron shares other-

economic metric to measure the return on invested capital. RONA is the ratio of operating income before impairment and restructuring charges divided by 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. Operating income before restructuring attributable to ST is calculated as operating income (loss) before restructuring excluding 50% of ST-Ericsson operating income (loss) before restructuring as consolidated by ST. Operating margin before restructuring attributable to ST is calculated as operating income before restructuring attributable to ST divided by reported revenues excluding 50% of ST-Ericsson revenues as consolidated by ST. RONA attributable to ST is calculated as annualized operating income before restructuring attributable to ST divided by reported net assets excluding 50% of ST-Ericsson net assets as consolidated by ST.

The Company believes that these non-GAAP financial measures provide useful information for investors and management because they measure the Company's capacity to generate profits from its business operations, excluding the effect of acquisitions and expenses related to the rationalizing of its activities and sites that it does not consider to be part of its on-going operating results, thereby offering, when read in conjunction with the Company's GAAP financials, (i) the ability to make more meaningful period-to-period comparisons of the Company's on-going operating results, (ii) the ability to better identify trends in the Company's business and perform related trend analysis, and (iii) an easier way to compare the Company's results of operations against investor and analyst financial models and valuations, which usually exclude these items.

| Q1 2011 (US\$ millions and cents per share) | Gross Profit | Operating Income | Net Earnings | Corresponding EPS (diluted) |
|--|---------------------|-------------------------|---------------------|------------------------------------|
| U.S. GAAP | 991 | 118 | 170 | 0.19 |
| Impairment & Restructuring | | 24 | 22 | |
| Gain on sale of Micron shares | | | (21) | |
| OTTI | | | 5 | |
| Estimated Income Tax Effect | | | (1) | |
| Non-U.S GAAP | <u>991</u> | <u>142</u> | <u>175</u> | 0.20 |

| Q4 2010 (US\$ millions and cents per share) | Gross Profit | Operating Income | Net Earnings | Corresponding EPS (diluted) |
|--|---------------------|-------------------------|---------------------|------------------------------------|
| U.S. GAAP | 1,129 | 213 | 219 | 0.24 |
| Impairment & Restructuring | | 32 | 20 | |
| Loss on sale of Micron shares | | | 13 | |
| Estimated Income Tax Effect | | | (9) | |
| Non-U.S GAAP | <u>1,129</u> | <u>245</u> | <u>243</u> | 0.27 |

| Q1 2010 (US\$ millions and cents per share) | Gross Profit | Operating Income (Loss) | Net Earnings (Loss) | Corresponding EPS (diluted) |
|--|---------------------|--------------------------------|----------------------------|------------------------------------|
| U.S. GAAP | 876 | (20) | 57 | 0.06 |
| Impairment & Restructuring | | 33 | 20 | |
| Estimated Income Tax Effect | | | (15) | |
| Non-U.S GAAP | 876 | 13 | 62 | 0.07 |

equivalents, net of bank overdrafts, if any, current and non-current marketable securities excluding Micron shares received in connection with the sales of Numonyx, short-term deposits and non-current 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.

| Net Financial Position (in US\$ millions) | April 2, 2011 | December 31, 2010 | March 27, 2010 |
|---|--------------------------|----------------------------------|-------------------------------|
| Cash and cash equivalents, net of bank overdrafts | 1,928 | 1,892 | 1,423 |
| Marketable securities, current | 719 | 891(a) | 1,037 |
| Short-term deposits | 71 | 67 | - |
| Restricted cash | 92 | - | - |
| Non-current restricted cash | - | - | 250 |
| Marketable securities, non-current | 77 | 72 | 47 |
| Total financial resources | <u>2,887</u> | <u>2,922</u> | <u>2,757</u> |
| Short-term borrowings and current portion of long-term debt | (717) | (720) | (904) |
| Long-term debt | (1,032) | (1,050) | <u>(1,287)</u> |
| Total financial debt | <u>(1,749)</u> | <u>(1,770)</u> | <u>(2,191)</u> |
| Net financial position | 1,138 | 1,152 | 566 |

(a) *Excludes Micron shares received in connection with the sale of Numonyx in Q210.*

Free 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 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.

| Free cash flow (in US\$ millions) | Q1 2011 | Q4 2010 | Q1 2010 |
|--|--------------------|--------------------|--------------------|
| Net cash from operating activities | 350 | 492 | 393 |
| Net cash from (used in) investing activities | (206) | 139 | (245) |
| Payment for purchases of (proceeds from sale of) current and non-current marketable securities, short-term deposits and restricted cash, net | (93) | (282) | 28 |
| Free cash flow | 51 | 349 | 176 |
| Free cash flow (ex M&A) | 51 | 356 | 176 |