

PR N° C2758C

**Not for publication or distribution directly or indirectly, in whole or in part, in or into the United States, Australia, Canada, Japan or South Africa or in any other jurisdiction in which offers or sales would be prohibited by applicable law.**

This announcement is not an offer to sell or a solicitation to buy securities in any jurisdiction, including the United States, Australia, Canada, Japan or South Africa. Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction.

## **STMicroelectronics announces a US\$1 billion dual-tranche offering of Convertible Bonds and the launch of a share buy-back program**

AMSTERDAM, June 26, 2014 -- STMicroelectronics NV (the “Company” or “STMicroelectronics”) announced today the launch of a US\$1 billion offering of senior unsecured bonds (the “Bonds”) convertible into new or existing ordinary shares of STMicroelectronics (the “Shares”), and a share buy-back program, currently intended to meet its obligations in relation to its employee stock award plans.

The Bonds will be issued in two tranches, with a maturity of 5 years and 7 years, respectively. The terms of the Bonds are expected to contain customary provisions which will allow the Company to satisfy conversion rights on the Bonds with a combination of cash, new shares and treasury shares, or cash or shares only. Proceeds from the issuance of the Bonds will be used by STMicroelectronics for general corporate purposes.

Carlo Ferro, ST’s Executive Vice President, Finance, Legal, Infrastructure and Services, and Chief Financial Officer, commented, “Our objective is to further strengthen ST’s capital structure, enhancing our financial flexibility to support growth. The timing is opportunistically capturing conditions currently available in the equity-linked market. Additionally, the structure intends to be friendly to our shareholders, minimising the potential dilution through the combination of the net share settlement option and the simultaneous launch of the share buy-back program”.

### ***Offering of Bonds***

The Company proposes to issue the two tranches of Bonds as follows:

- The 5 year maturity Bonds will not bear interest.
- The 7 year maturity Bonds will bear interest at an annual rate between 0.5% – 1.0%. Interest will be payable semi-annually in arrear.

The conversion prices for the Bonds are expected to be set:

- In relation to the 5 year maturity Bonds, at a premium between 30% – 40%; and
- In relation to the 7 year maturity Bonds, at a premium between 31% – 41%,

in each case over the volume-weighted average share price of STMicroelectronics Shares between launch and pricing on the Borsa Italiana on June 26, 2014.

The final terms of the Bonds are expected to be determined and announced later today and settlement is expected to take place on or about July 3, 2014.

Application will be made for the Bonds to be admitted to trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange.

J.P. Morgan and BNP PARIBAS are acting as Global Coordinators and Banca IMI, Morgan Stanley, Société Générale Corporate & Investment Banking and UniCredit are acting as Joint Bookrunners in respect of the offering.

### ***Launch of share buy-back program***

The Company also announces the launch of a share buy-back program, currently intended to meet the Company's obligations in relation to its employee stock award plans.

The program was authorised pursuant to a resolution passed at the shareholders' meeting held on June 13, 2014, which, among other things, granted authorization for the repurchase of ordinary shares in the capital of STMicroelectronics over a period of eighteen months ending on December 13, 2015. The buy-back program may terminate earlier once the maximum number of shares to be repurchased has been achieved, and any such earlier termination shall be immediately announced.

The Company will appoint one or more brokers to execute the buy-back program in accordance with all applicable regulations. The brokers will make their decisions relating to the purchase of ordinary shares independently, including with respect to the timing of any purchases, and all purchases effected will be in compliance with daily limits on prices and volumes.

The buy-back program will be subject to the following terms:

- The maximum number of ordinary shares to be repurchased is twenty million ordinary shares, representing approximately 2.2% of the ordinary share capital of STMicroelectronics as of June 26, 2014; and
- The price paid for any ordinary shares purchased pursuant to the buy-back program shall be subject to a minimum of €1.04 and a maximum of 110% of the average of the highest price at which the ordinary shares are quoted on each of the five trading days prior to the date of the relevant purchase, on each of Euronext Paris, the New York Stock Exchange or Borsa Italiana.

Purchases of shares will be made on the Borsa Italiana.

The costs that the Company may incur in connection with the buy-back of the ordinary shares pursuant to the share buy-back program will depend on the price at which actual purchases are made, subject to its terms.

The Company will announce details of any share purchases effected pursuant to the buy-back program, as required by applicable laws and regulations.

As of today, STMicroelectronics holds approximately 17.7 million treasury shares, representing approximately 1.9% of its ordinary share capital.

### **About STMicroelectronics**

STMicroelectronics is a global leader in the semiconductor market serving customers across the spectrum of sense and power and automotive products and embedded processing solutions. From energy management and savings to trust and data security, from healthcare and wellness to smart consumer devices, in the home, car and office, at work and at play, STMicroelectronics is found everywhere microelectronics make a positive and innovative contribution to people's life. By getting more from technology to get more from life, STMicroelectronics stands for life.augmented.

In 2013, the Company's net revenues were US\$8.08 billion. Further information on STMicroelectronics can be found at [www.st.com](http://www.st.com).

\* \* \* \* \*

This announcement is not for publication or distribution, directly or indirectly, in or into the United States. The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes, should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement does not constitute or form part of an offer to sell securities or the solicitation of any offer to subscribe for or otherwise buy any securities to any person in the United States, Australia, Canada, Japan, South Africa or in any jurisdiction to whom or in which such offer or solicitation is unlawful. The securities referred to in this announcement have not been and will not be registered in the United States under the US Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States unless registered under the Securities Act or offered in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. Subject to certain exceptions, the securities referred to herein may not be offered or sold in Australia, South Africa, Canada or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, South Africa, Canada or Japan. There will be no public offer of the securities in the United States, Australia, Canada, Japan or South Africa.

This announcement is addressed to, and directed in member states of the European Economic Area which have implemented the Prospectus Directive (the "Prospectus Directive") at, persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (directive 2003/71/EC, as amended) ("qualified investors"). In addition, in the United Kingdom, this communication is directed only at qualified investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and qualified investors falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"), and (ii) to whom it may otherwise lawfully be communicated under the Order. This communication must not be acted on or relied on by persons who are not relevant persons in the United Kingdom or

qualified investors as the case may be. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons or qualified investors as the case may be.

Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Bonds. The value of the Bonds can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Bonds for the person concerned.

Each of the Managers is acting exclusively for the Company and no one else in connection with the offering and will not be responsible to any other person for providing the protections afforded to clients of such Manager respectively or for providing advice in relation to the offering, the Bonds or any other transaction, matter or arrangement referred to in this announcement.

Each of the Company, the Managers and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any statement contained in this announcement whether as a result of new information, future developments or otherwise.

In connection with the offering, the Managers and any of their affiliates, acting as investors for their own accounts, may subscribe for or purchase securities and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such securities and any other securities of the Company or related investments in connection with the Bonds, the Company or otherwise. Accordingly, references to the securities being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Managers and any of their respective affiliates acting as investors for their own accounts. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

None of the Managers or any of their respective directors, officers, employees, affiliates, advisers or agents accepts any responsibility, duty or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its other subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

For further information, please contact:

**STMicroelectronics**

**INVESTOR RELATIONS:**

Tait Sorensen

Group VP, Investor Relations

Tel: +1 602 485 2064

tait.sorensen@st.com

**MEDIA RELATIONS:**

Nelly Dimey

Director, Corporate Media and Public Relations

Tel: + 33 1 58 07 77 85

nelly.dimey@st.com