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## **STMicroelectronics prices a US\$1.5 billion dual-tranche offering of New Convertible Bonds**

AMSTERDAM, 22 June 2017 -- STMicroelectronics N.V. (the “Company” or “STMicroelectronics”) announces today the pricing of a US\$1.5 billion offering of senior unsecured bonds convertible into new or existing ordinary shares of STMicroelectronics (the “Shares”) (the “New Convertible Bonds”).

The New Convertible Bonds will be issued in two tranches, one of US\$750 million with a maturity of 5 years and one of US\$750 million with a maturity of 7 years. The terms of the New Convertible Bonds are expected to contain customary provisions which will allow the Company to satisfy conversion rights on the New Convertible Bonds with a combination of cash, new Shares and treasury Shares, or cash or Shares only including, unless the Company elects otherwise, by way of net share settlement. The offering proceeds, net of costs (including costs in respect of the share buy-back programme), will be used by STMicroelectronics for general corporate purposes, including the early redemption of the outstanding US\$600 million Zero Coupon Convertible Bonds due 2019 (ISIN: XS1083956307, the “2019 Convertible Bonds”) and the future redemption of the outstanding US\$400 million 1.00 per cent. Convertible Bonds due 2021 (ISIN: XS1083957024).

The Company also announced today (i) the launch of a share buy-back programme of up to 19 million Shares for an amount up to US\$297 million intended to meet obligations arising from debt financial instruments that are exchangeable into equity instruments and to meet obligations arising from share award programmes and (ii) the early redemption of the 2019 Convertible Bonds.

A net share settlement is the default settlement scenario under the New Convertible Bonds, and the Company’s share buy-back programme is designed to equal or exceed the number of Shares required to be delivered on the exercise of conversion rights under the New Convertible Bonds, assuming a net share settlement.

Carlo Ferro, STMicroelectronics’ Executive Vice President and Chief Financial Officer, commented, “Today we completed a transaction that further enhances ST’s capital structure, supports growth and confirms the strength of both ST’s equity story

and credit profile, amid revenues growth and margin expansion. And we did it - once again - with a structure friendly to our equity holders. We raised US\$1.5 billion at an overall zero yield and a 37.5% conversion premium. The yield in favor of the Company for the 2022 tranche is unique for a US dollar transaction in the European capital market. Finally, the combination of the net share settlement option and repurchase of the underlying shares implies substantially no dilution at conversion to shareholders”.

### **Offering of New Convertible Bonds**

The Company will issue the two tranches of New Convertible Bonds as follows:

- The 5-year maturity New Convertible Bonds will not bear interest. The New Convertible Bonds will be issued at 101.265% of their principal amount and will be redeemed at 100% of their principal amount on 3 July 2022, unless previously redeemed, converted or purchased and cancelled. This corresponds to an initial gross yield to maturity of (0.25)%;
- The 7-year maturity New Convertible Bonds will bear interest at an annual rate of 0.25%, payable semi-annually in arrear. The New Convertible Bonds will be issued at 100% of their principal amount and will be redeemed at 100% of their principal amount on 3 July 2024, unless previously redeemed, converted or purchased and cancelled. This corresponds to an initial gross yield to maturity of 0.25%.

The initial conversion prices have been set, in relation to each of the 5-year maturity and 7-year maturity New Convertible Bonds, at US\$20.54, representing a premium of 37.5% in each case over the volume-weighted average price of the Shares between opening of trading today and pricing of the offering on the *Mercato Telematico Azionario* organised and managed by *Borsa Italiana S.p.A.*, converted into US dollars at the prevailing exchange rate at the time of pricing.

Settlement of the New Convertible Bonds is expected to take place on or about 3 July 2017.

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

In the context of this offering, the Company has committed to a lock-up of 90 days in respect to the Shares and related securities.

Morgan Stanley and Société Générale Corporate & Investment Banking are acting as Joint Global Coordinators and Joint Bookrunners and Citigroup Global Markets Limited, J.P. Morgan and UniCredit are acting as Joint Bookrunners in respect of the offering and Banca IMI and Natixis are acting as Co-Managers.

The Company has appointed the broker to execute the share buy-back programme in accordance with all applicable regulations. The broker will make decisions relating to the purchase of Shares independently, including with respect to the timing of any

purchases, and all purchases effected will be in compliance with applicable daily limits on prices and volumes.

## **About STMicroelectronics**

STMicroelectronics is a global semiconductor leader delivering intelligent and energy-efficient products and solutions that power the electronics at the heart of everyday life. STMicroelectronics' products are found everywhere today, and together with our customers, we are enabling smarter driving and smarter factories, cities and homes, along with the next generation of mobile and Internet of Things devices. By getting more from technology to get more from life, STMicroelectronics stands for life.augmented.

In 2016, the Company's net revenues were US\$6.97 billion, serving more than 100,000 customers worldwide. Further information can be found at [www.st.com](http://www.st.com).

## **Inside information**

This press release relates to the disclosure of information that qualified, or may have qualified, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulations.

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investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

This announcement has been prepared on the basis that any offer of the New Convertible Bonds in any Member State of the European Economic Area (the "EEA") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of securities.

This announcement is addressed to, and directed in member states of the EEA 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 France, this communication is only directed to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, and/or (c) a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 and D. 411-4 of the French Code *monétaire et financier*.

The offering of the New Convertible Bonds was not and will not be registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no New Convertible Bonds may be offered, sold or delivered in the republic of Italy, except: (i) to qualified investors (*investitori qualificati*), as defined pursuant to article 100 of Legislative Decree no. 58 of 24 February 1998, as amended (the "Financial Services Act") and article 34-*ter*, first paragraph, letter b) of CONSOB regulation no. 11971 of 14 May 1999, as amended ("Regulation no. 11971"); or (ii) in other circumstances which are exempted from the obligation to publish a prospectus, as provided for pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation no. 11971.

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 New Convertible Bonds. The value of the New Convertible Bonds can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the New Convertible Bonds for the person concerned.

Each of the Joint Global Coordinators, the Joint Bookrunners and the Co-Managers (together, 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 New Convertible 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 New Convertible 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.

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For further information, please contact:

**STMicroelectronics N.V.**

**INVESTOR RELATIONS:**

Tait Sorensen

Group VP, Investor Relations

Tel: +1 602 485 2064

[tait.sorensen@st.com](mailto:tait.sorensen@st.com)

**MEDIA RELATIONS:**

Nelly Dimey

Director, Corporate Media and Public Relations

Tel: + 33 158 077 785

[nelly.dimey@st.com](mailto:nelly.dimey@st.com)