

This announcement is not an offer of securities in the United States or any other jurisdiction. The Bonds (and underlying shares) may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. Soitec does not intend to register any portion of the planned offer in the United States or to conduct a public offering of securities in the United States.



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**Press release
Paris, September 1, 2009**

Setting of the Final Terms of the OCEANEs due 2014

Principal Amount : € 135 Million

Interest: 6.25%

Issuance Premium: 32.5%

(subject to AMF visa)

S.O.I.TEC Silicon On Insulator Technologies (“Soitec” or “the Company”) today successfully priced its issuance of bonds convertible into and/or exchangeable for new or existing shares of Soitec due in 2014 (the “Bonds”) in an amount of € 135 million. The principal amount of the Bonds has been set at € 8.55, representing an issuance premium of 32.5% over Soitec’s reference share price¹ on Euronext Paris. The Bonds will bear interest at a rate of 6.25% per annum and will be redeemed in cash at par on September 9, 2014. The issuance is set to raise € 135 million or € 150 million if the over-allotment option is exercised in full.

Soitec intends to use the proceeds of the offering for general corporate purposes and, in particular, to expand its important position in silicon-on-insulator (SOI) substrate technology for leading-edge microprocessors into other applications for engineered substrates. In particular, Soitec plans to develop value-added innovative engineered substrates, using diverse high performance materials that enable pioneering low energy applications across a wide range of new markets. These investments may include strategic initiatives, joint ventures, joint development, equity injections and industrial capacity all based on medium to long term value creation in markets, that require high performance, such as mobile displays, high brightness solid state lighting, lasers, sensors, 3D transistors, back side illumination and solar cells. The existing strategy to create revenue and income from both product sales and royalty streams remains unchanged. Soitec has already made great strides in the advancement of these initiatives, examples being the recently announced cooperation agreements with Corning (high performance OLED backplane substrate technology); IBM (3D structures) and STM (back side illumination).

¹ The reference price is the volume-weighted average share price of Soitec’s shares from the opening of trading on September 1, 2009 until the time of pricing of the issuance of the Bond (i.e. €6.45)

About Soitec

The Soitec Group is the world's leading innovator and provider of the engineered substrate solutions that serve as the foundation for today's most advanced microelectronic products. The group leverages its proprietary Smart Cut™ technology to engineer new substrate solutions, such as silicon-on-insulator (SOI) wafers, which became the first high-volume application for this proprietary technology. Since then, SOI has emerged as the material platform of the future, enabling the production of higher performing, faster chips that consume less power. Today, Soitec produces more than 80 percent of the world's SOI wafers.

Two other divisions, Picogiga International (Les Ulis) and Tracit Technologies (Bernin), complete the Soitec Group. Picogiga delivers advanced substrates solutions, including III-V epiwafers and gallium nitride (GaN) wafers, to the compound material world for the manufacture of high-frequency electronics and other optoelectronic devices. Tracit, on the other hand, provides thin-film layer transfer technologies used to manufacture advanced substrates for power ICs and microsystems, as well as generic circuit transfer technology "Smart Stacking" for applications such as image sensors and 3D-integration.

More information is available at www.soitec.com.

This press release does not constitute an offering, and the offering of the Bonds is not a public offering in any jurisdiction, subject to the following.

In France:

- the Bonds are initially offered only to qualified investors (*investisseurs qualifiés*) as defined by article L. 411-2 of the French *Code monétaire et financier*;
- following such placement to qualified investors and once the final terms of the offering have been determined, an offering circular (*prospectus*) will be submitted to the French *Autorité des marchés financiers* (the "AMF") for a *visa*. Upon receipt of such *visa*, the Bonds will be offered to the public in France during the following three trading days.

The Sole Bookrunner for this offering is Morgan Stanley & Co International Plc.

In addition, BNP Paribas is acting as Co-Manager.

Principal terms and conditions of the Bonds convertible and/or exchangeable into new or existing Soitec shares (OCEANE) (the “Bonds”)

Key aspects of the offering

Issuer	S.O.I.TEC (the “Company” or “Soitec”)
Issue size and gross proceeds	€135 million subject to an increase to a maximum amount of €150 million in the event of the exercise in full of the over-allotment option (i.e., an increase of 11.11% of the initial amount).
Number of Bonds issued	15 789 474 Bonds, subject to an increase to a maximum amount of 17 543 860 Bonds in the event of the exercise in full of the over-allotment option.
Par value per Bond	€ 8.55
Issue price of the Bonds	100% of par.
Gross yield to maturity	6.25% as from the Issue Date (in the absence of conversion into and/or exchange for shares and in the absence of early redemption of the Bonds).
Preferential subscription right and priority subscription period	The shareholders of the Company have waived their preferential subscription right. There will be no priority subscription period.
Placement	The Bonds are the subject of a global offering, including an institutional offering in France and outside of France and a public offering in France.
Placement to institutional investors	The Bonds have been offered, on September 1, 2009, only to qualified investors by means of private placements in France and various other jurisdictions (with the exception of the United States, Canada, Australia and Japan).
Public offering	The Bonds will be publicly offered in France from and including September 2, 2009 up to and including September 4, 2009.
Intentions of the principal shareholders	Mr. André-Jacques Auberton-Hervé and Shin-Etsu Handotai Ltd. have indicated that they do not intend to subscribe for Bonds.
Issue date, dividend entitlement date, and settlement date	The issue date for the Bonds is expected to be September 9, 2009 (the “Issue Date”).
Rating of the Bonds	The Bonds will not be rated.
Listing of the Bonds	The Bonds are expected to be listed on September 9, 2009 under the ISIN number FR0010796417 on the Euronext Paris market.
Clearance	Euroclear France, Euroclear Bank S.A./N.V. and Clearstream Banking, Luxembourg.
Sole Bookrunner	Morgan Stanley & Co. International Plc (“Morgan Stanley”).
Co-Manager	BNP Paribas (“BNP Paribas”)
Underwriting	The bank syndicate directed by Morgan Stanley shall underwrite the issue of Bonds in the amount of up to €150 million, pursuant to the terms of an underwriting

agreement to be entered into with the Company on September 1, 2009.

Lock-up commitment

180 days for the Company and the Founder, Mr. André-Jaques Auberton-Hervé, subject to certain standard exceptions. The 180-day Founder lock-up will apply to 95% of the shares owned by Mr. André-Jaques Auberton-Hervé. Starting on the 90th day of the lock-up period, the Issuer shall be authorized to issue shares in connection with its employee offering program (PACEO), up to a maximum nominal amount of €370,000.

Terms of the Bonds

Rank of the Bonds and their interest

The Bonds and the interest thereon constitute direct, general, unconditional, unsubordinated and unsecured obligations (*engagements chirographaires*) of the Company, and shall rank equally amongst themselves and *pari passu* with all other unsecured and unsubordinated debts and guarantees (*dettes et garanties chirographaires*), present and future, of the Company (excluding such debt which shall be ranked higher as required by law).

Negative pledge

The Company will not grant any security interest over its assets to secure any other indebtedness, without granting the same security interest in favour of the Bonds, subject to certain limited exceptions, including lease financings, and a €15MM basket for non-bond debt.

Annual interest

6.25% per year, i.e. approximately €0.53 per Bond, payable annually in arrears on September 9 of each year commencing on September 9, 2010 (or on the following business day if such date is not a business day) (each, an "Interest Payment Date").

Term of the Bonds

5 years.

Redemption at maturity

In full, on September 9, 2014 (or on the following business day if such date is not a business day) by redemption at par.

Early redemption at the Company's option

The Company may redeem at any time, without limitation of price and quantity, all or part of the Bonds, by repurchasing Bonds either on or off the stock exchange or by means of public tender or exchange offers

The Company may redeem, at its sole option, all of the Bonds outstanding at any time from September 9, 2012 up to and including the seventh business day preceding the Maturity Date of the Bonds, subject to a minimum 30 calendar days prior notice, at par, plus accrued interest, if the product of:

- i. the arithmetic mean of the opening quoted prices of a Share on Euronext Paris calculated over a period of 20 consecutive stock exchange trading days during which the shares are quoted, as selected by the Company from among the 40 consecutive stock exchange trading days preceding the date of publication of the notice relating to such early redemption; and
- ii. the then-applicable Conversion/Exchange Ratio; is greater than 130% of par

The Company may, at its sole option, redeem at any time all of the Bonds outstanding at par, plus accrued interest, subject to a minimum 30 calendar days prior notice, if less than 15% of the Bonds issued remain outstanding.

Early redemption of the Bonds

Upon the occurrence of certain events and in accordance with the terms of the prospectus filed with the AMF.

Maintenance of Bondholders' rights

Upon the occurrence of certain events and in accordance with the terms of the prospectus filed with the AMF.

Early redemption at the Bondholders' option in the event of a change of control

In the event of a Change of Control of the Company, each Bondholder may request the early redemption of all or part of its Bonds at par plus interest accrued since the last Interest Payment Date (or, as the case may be, since the Issue Date) in accordance with the terms and conditions described in the prospectus filed with the AMF.

Conversion/Exchange of Bonds for shares

At any time from September 9, 2009 up to and including the seventh business day preceding the maturity date or the relevant early redemption date, at the ratio of one share for one Bond, subject to adjustments in the event of certain financial operations carried out by the Company (the "Conversion/Exchange Ratio").

The Company may elect to deliver new and/or existing shares or a combination of both.

Rights attached to new shares issued following conversion

New shares issued following conversion shall be entitled to dividends paid in respect of the fiscal year during which the Bonds are converted.

Rights attached to existing shares following exchange

Existing shares delivered following exchange shall be entitled to dividends paid after such delivery.

Applicable law

French law.

Indicative Timetable

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| September 1, 2009 | <ul style="list-style-type: none">– Press release by the Company announcing the launch and the indicative terms of the Bonds– Opening and closing of bookbuilding related to the placement of the Bonds with institutional investors– Determination of the final terms of the Bonds– Press release by the Company announcing the closing of the bookbuilding, and describing the final terms of the Bonds– Visa of the AMF on the French Prospectus– Press release by the Company announcing the visa of the AMF on the French Prospectus |
| September 2, 2009 | <ul style="list-style-type: none">– Notice of issuance published by Euronext Paris– Opening of French public offering |
| September 4, 2009 | <ul style="list-style-type: none">– Closing of French public offering |
| September 7, 2009 | <ul style="list-style-type: none">– Deadline for exercise of over-allotment option– If applicable, press release by the Company announcing the final issue size after exercise of the over-allotment option– Notice of listing published by Euronext Paris |
| September 9, 2009 | <ul style="list-style-type: none">– Settlement and delivery of the Bonds– Admission of the Bonds to trade on the Euronext Paris market |

Disclaimer

No communication and no information in respect of the offering by Soitec of bonds convertible into and/or exchangeable for new or existing shares (the "Bonds") may be distributed to the public in any jurisdiction where a registration or approval is required. No steps have been or will be taken in any jurisdiction outside France where such steps would be required. The offering or subscription of the Bonds may be subject to specific legal or regulatory restrictions in certain jurisdictions. Soitec takes no responsibility for any violation of any such restrictions by any person.

This announcement is an advertisement and not a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and the Council of November 4th, 2003 (as implemented in each member State of the European Economic Area, the "Prospectus Directive").

This announcement does not, and shall not, in any circumstances constitute a public offering nor an invitation to the public in connection with any offer.

The offer and sale of the Bonds in France will first be carried out in accordance with article L. 411-2 of the "Code monétaire et financier" and in accordance with Decree no. 98-880 of October 1st, 1998 relating to qualified investors as defined therein. The offer will be made to the public in France only after the granting of the "visa" by the AMF on the prospectus.

With respect to the member States of the European Economic Area, other than France, which have implemented the Prospectus Directive (each, a "relevant member State"), no action has been undertaken or will be undertaken to make an offer to the public of the Bonds requiring a publication of a prospectus in any relevant member State. As a result, the Bonds may only be offered in relevant member States:

- (I) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to place securities;
- (II) to any legal entity which has two or more of the following criteria: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43 million; and (3) an annual net turnover of more than € 50 million, as per its last annual or consolidated accounts;
- (III) in any other circumstances, not requiring the issuer to publish a prospectus as provided under article 3(2) of the prospectus directive.

This press release is directed only at persons who (i) are located outside the United Kingdom, (ii) have professional experience in matters relating to investments and fall within Article 19(5) ("investment professionals") of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, (III) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (iv) are persons to whom this communication may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). The securities are directed only at Relevant Persons and no invitation, offer or agreements to subscribe, purchase or otherwise acquire securities may be proposed or made other than with Relevant Persons. Any person other than a Relevant Person may not act or rely on this document or any provision thereof. Persons distributing this document must satisfy themselves that it is lawful to do so. Past performance of Soitec securities should not be relied on as an indication of future performance.

This press release is not a prospectus which has been approved by the Financial Services Authority or any other United Kingdom regulatory authority for the purposes of Section 85 of the Financial Services and Markets Act 2000.

The offering of the Bonds has not been registered with or cleared by the Commissione Nazionale per le Società e la Borsa ("CONSOB") pursuant to the Prospectus Directive (Directive 2003/71/EC) and the Italian securities regulation and, accordingly, the Bonds have not been and will not be offered, sold or distributed in the Republic of Italy ("Italy") in an offer to the public of financial products under the meaning of Article 1, paragraph 1, letter t) of Legislative Decree No. 58 of February 24, 1998 as amended (the "Financial Services Act") unless an exception applies. Therefore, the Bonds may only be offered, transferred or delivered within the territory of Italy:

- (a) to qualified investors (investitori qualificati), as defined in Article 2 paragraph (e) of the Prospectus Directive as implemented by Article 34-ter of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "Issuers Regulation"); or
- (b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, including, without limitation, as provided under Article 100 of the Financial Services Act and Article 34-ter of the Issuers Regulation.

In addition, and subject to the foregoing, any offer, sale or delivery of the Bonds or distribution of any document relating to the offering in Italy under (a) and (b) above must be:

- (i) made via investment firms, banks or financial intermediaries authorized to carry out such activities in Italy in accordance with the Financial Services Act, the Issuers Regulation, CONSOB Regulation No. 16190 of October 29, 2007 and Legislative Decree No. 385 of September 1st, 1993 (the "Banking Law"), all as amended;
- (ii) in compliance with Article 129 of the Banking Law and the implementing guidelines, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and
- (iii) in compliance with any other applicable laws and regulations, including any conditions, limitations or requirements that may be, from time to time, imposed by the relevant Italian authorities concerning securities, tax matters and exchange controls.

Any investor purchasing the Bonds in this offering is exclusively responsible for ensuring that any offer or resale of the Bonds

it purchased in this offering occurs in compliance with applicable laws and regulations.

Article 100-bis of the Financial Services Act affects the transferability of the Bonds in Italy to the extent that any placing of the Bonds is made solely with qualified investors and such Bonds are then systematically resold to non-qualified investors on the secondary market at any time in the 12 months following such placing. Should this occur without the publication of a prospectus, and outside of the application of one of the exemptions referred to above, purchasers of Bonds who are acting outside of the course of their business or profession are entitled to have such purchase declared void and to claim damages from any authorized intermediary at whose premises the Bonds were purchased.

This press release may not be published, distributed or transmitted in the United States (including its territories and dependencies, any state of the United States and the district of Columbia). This press release does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities mentioned herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). They may not be offered or sold in the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from the registration requirements of the Securities Act. Soitec does not intend to register any portion of the proposed offering in the United States or to conduct a public offering in the United States.

Morgan Stanley Plc, acting directly or through an agent as stabilising manager, may, but will be under no obligation to, effect transactions with a view to supporting the market price of the Bonds or the underlying securities at a level higher than that which might otherwise prevail in the open market. Such transactions may be undertaken as of the launch of the transaction and for up to 30 days after such date.

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