



STMICROELECTRONICS N.V.
(the “Company”)

2018 Annual General Meeting of Shareholders
(the “AGM”)

EXPLANATORY NOTES

The Supervisory Board proposes:

Agenda item 2 - Discussion item

Shareholders are invited to discuss the report of the Managing Board on the 2017 financial year and the explanations regarding the deviations from the Dutch Corporate Governance Code. This agenda item is a non-voting item. In respect of this item reference is made to the Report of the Managing Board included in chapter 3 of the 2017 annual accounts and the deviations from the Dutch Corporate Governance Code included in chapter 5 of the 2017 annual accounts. The 2017 annual accounts are published on the Company’s website.

Agenda item 3 - Discussion item

Shareholders are invited to discuss the report of the Supervisory Board on the 2017 financial year. This agenda item is a non-voting item. In respect of this item reference is made to the Report of the Supervisory Board included in the 2017 annual accounts in chapter 4. The 2017 annual accounts are published on the Company’s website.

Agenda item 4-a - Discussion item

In accordance with Dutch law, shareholders are invited to discuss the implementation of the remuneration policy for the Managing Board. This agenda item is a non-voting item. In respect of this item reference is made to the Report of the Supervisory Board as well as other information on remuneration included in the 2017 annual accounts in paragraph 4.8. The 2017 annual accounts are published on the Company’s website.

Agenda item 4-b - Voting item

To adopt the annual accounts for the 2017 financial year, as drawn up by the Managing Board, examined and audited by the Company's independent external auditors, Ernst and Young Accountants LLP, and approved by the Supervisory Board. The annual accounts, which include the reports of the Managing Board and the Supervisory Board, have been prepared in English consistent with prior practice, and in accordance with IFRS Accounting Standards as adopted by the European Union, as IFRS constitute the Company's statutory reporting standards.

Agenda item 4-c - Voting item

To distribute, in line with the Company's Dividend Policy, a quarter dividend in cash of:

- US\$ 0.06 per common share in the second quarter of 2018,
- US\$ 0.06 per common share in the third quarter of 2018,
- US\$ 0.06 per common share in the fourth quarter of 2018, and
- US\$ 0.06 per common share in the first quarter of 2019. ⁽¹⁾

Shareholders' information:

Information on the ex-dividend dates, the record dates and the payment dates regarding the quarter dividend distributions referred to above, if adopted by the General Meeting of Shareholders, is included in Annex A to these explanatory notes.

Agenda item 4-d - Voting item

To discharge the sole member of the Managing Board for his management during the 2017 financial year.

Shareholders' information:

In accordance with Dutch law, discharge of the sole member of the Managing Board is separately adopted as agenda item.

Agenda item 4-e - Voting item

To discharge the members of the Supervisory Board for their supervision during the 2017 financial year.

Shareholders' information:

⁽¹⁾ For practical purposes the agenda and the explanatory notes refer to dividend to reflect either dividend distributions or distributions out of the freely distributable reserves of the company.

In accordance with Dutch law, discharge of the members of the Supervisory Board is separately adopted as agenda item.

Agenda item 5 - Voting item

To appoint Mr. Jean-Marc Chery as sole member of the Managing Board for a three-year term effective as of the 2018 AGM to expire at the end of the 2021 AGM.

Shareholders' information:

Jean-Marc Chery (57 years old | French nationality)

Jean-Marc Chery has been designated President & CEO of STMicroelectronics in January 2018. Since July 2017, he has been Deputy CEO with overall responsibility for the Company's Technology and Manufacturing, as well as for Sales and Marketing operations. He is a member of ST's Executive Team. Mr. Chery began his career in the Quality organization of Matra, the French engineering group. In 1986, he joined Thomson Semiconducteurs, which subsequently became ST, and held various management positions in product planning and manufacturing, rising to lead ST's wafer fabs in Tours, France, and later in Rousset, France. In 2005, Mr. Chery led the company-wide 6-inch wafer-production restructuring program before taking charge of ST's Front-End Manufacturing operations in Asia Pacific. In 2008, he was promoted to Chief Technology Officer and assumed additional responsibilities for Manufacturing and Quality (2011) and the Digital Product Sector (2012). In 2014, Mr. Chery was appointed as ST's Chief Operating Officer responsible for the Company's Technology and Manufacturing operations. Mr. Chery chairs the board of directors of STS, ST's manufacturing joint venture in China, and holds board membership at the European microelectronics R&D program AENEAS. Mr. Chery graduated with a degree in Engineering from the ENSAM engineering school in Paris, France.

The candidacy of Mr. Chery as sole member of the Managing Board is being proposed on the basis of his specific financial and technical expertise, prior professional experience, soundness of judgment, ability to make analytical enquiries and willingness to devote the time required to adequately perform his activities as the sole member of the Managing Board.

Agenda item 6 - Voting item

To approve that the Supervisory Board grants to Mr. Jean-Marc Chery up to a maximum number of 100,000 common shares, in the form of Unvested Stock Awards, for services to be rendered in 2018 as the President and CEO, whereby the vesting of such Unvested Stock Awards will be tied to company performance, according to predetermined and quantifiable criteria to be fixed by the Supervisory Board upon the recommendation of its Compensation Committee, with the objective of creating long-term value for our shareholders and other stakeholders.

Shareholders' information:

The Unvested Stock Awards are intended to provide an incentive to the President and CEO to increase his efforts for the success of us by offering him an opportunity to obtain or increase his proprietary interest in us through the vesting of the up to 100,000 Unvested Stock Awards to be granted to him, provided the applicable predetermined and quantifiable criteria as determined by the Supervisory Board upon the recommendation of its Compensation Committee are met. Such criteria are usually based on business and financial results of the Company as compared to a benchmark of selected semiconductor companies over a 12-month period and/or the predetermined annual budget. The stock awards (if any) will vest 32% one year, a further 32% two years and the remaining 36% three years, respectively, after the date of the grant as defined by the plan, subject to Mr. Chery's continued service at the Company (subject to the acceleration provisions in the event of a change of control).

In respect of this item reference is made to the Report of the Supervisory Board and more specifically to the Remuneration report, included in the 2017 annual accounts in paragraph 4.8, where past performance under this plan can be viewed. The 2017 annual accounts are published on the Company's website.

Agenda item 7 - Voting item

To appoint Mr. Nicolas Dufourcq as a member of the Supervisory Board, for a three-year term effective as of the 2018 AGM to expire at the end of the 2021 AGM.

Shareholders' information:

Mr. Nicolas Dufourcq (54 years old | French nationality)

Nicolas Dufourcq has been a member of our Supervisory Board since May 2015 and its Chairman since June 2017. He serves on our Supervisory Board's Nominating and Corporate Governance Committee and chairs its Compensation Committee and Strategic Committee. Mr. Dufourcq is a graduate of HEC (Hautes Etudes Commerciales) and ENA (Ecole Nationale d'Administration). He began his career at the French Ministry of Finance and Economics before joining the Ministry of Health and Social affairs in 1992. In 1994, he joined France Telecom, where he created the Multimedia division, before going on to chair Wanadoo, the firm's listed Internet and Yellow Pages subsidiary. After joining the Capgemini Group in 2003, he was made responsible for the Central and Southern Europe region, successfully leading their financial turnaround. He was appointed Chief Financial Officer of the Group and member of the Executive Committee in September 2004. In 2005, he was named deputy Chief Executive Officer in charge of finance, risk management, IT, delivery, purchases and LEAN program and, in 2007, also in charge of the follow-up of the group's major contracts. On February 7, 2013, Mr. Dufourcq was appointed Chief Executive Officer of Bpifrance (Banque Publique d'Investissement), which is indirectly controlled by the French Government and is one of the indirect shareholders of ST Holding. Mr. Dufourcq is also a member of the

Supervisory Board of Euler Hermes Group and Orange Group. Mr. Dufourcq does not hold any share or right to acquire shares in the Company's share capital.

The re-appointment of Mr. Dufourcq as member of the Supervisory Board is being proposed on the basis of her specific financial and technical expertise, prior professional experience, soundness of judgment, ability to make analytical enquiries and willingness to devote the time required to adequately perform the activities as member of the Supervisory Board.

Agenda item 8 - Voting item

To appoint Ms. Martine Verluyten as a member of the Supervisory Board for a one-year term effective as of the 2018 AGM to expire at the end of the 2019 AGM.

Shareholders' information:

Ms. Martine Verluyten (66 years old | Belgian nationality)

Martine Verluyten has been a member of our Supervisory Board since May 2012. Ms. Verluyten serves on our Supervisory Board's Audit Committee and has been its Chair since April 22, 2013. Until 2011, Ms. Verluyten acted as CFO of Umicore N.V. based in Brussels. Previously she was CFO of Mobistar N.V. (2001-2006), having initially joined Mobistar in 2000 as Group Controller. She had earlier worked at Raychem since 1976, holding various management positions during her 23 year tenure, from Manager European Consolidations (1976-1979), to General Accounting Manager based in the US (1979-1983). She was then promoted to Division Controller Telecom Division Europe from 1983 to 1990. In 1990, she was appointed Finance & Administration Director back in Europe, then in 1995, Europe Controller Finance & Administration Director until 1999. Ms. Verluyten is also member of the board of directors of Thomas Cook plc (and serves as Chair of its Audit Committee) and GBL (group Bruxelles Lambert). Ms. Verluyten began her career in 1973 at KPMG as an Auditor. Ms. Verluyten owns 15,000 common shares in the Company's share capital.

The re-appointment of Ms. Verluyten as member of the Supervisory Board is being proposed on the basis of her specific financial and technical expertise, prior professional experience, soundness of judgment, ability to make analytical enquiries and willingness to devote the time required to adequately perform the activities as member of the Supervisory Board.

Agenda item 9 - Voting item

To authorize the Managing Board to acquire for a consideration on a stock exchange or otherwise up to such a number of fully paid-up common shares and/or preference shares in the Company's share capital as is permitted by law and the Articles of Association as per the moment of such acquisition for a price:

- (i) per common share which at such moment is within a range between the par value of a common share and 110% of the average of the highest share price per common share on each of the five trading days prior to the acquisition date on respectively Euronext Paris, the New York Stock Exchange or Borsa Italiana, whichever average at such moment is the highest; and
- (ii) per preference share which is equal to the par value of a preference share increased with an amount equal to the accrued but unpaid dividend on such preference share per the relevant repurchase date calculated in accordance with article 37 paragraph 2 sub e of the Company's Articles of Association;

all subject to the approval of the Supervisory Board, until the conclusion of the 2019 AGM.

Shareholders' information:

During the 2017 AGM, the Managing Board, subject to the approval of the Supervisory Board, was authorized to repurchase shares for a period of eighteen months as of the 2017 AGM. We propose to renew this authorization through the conclusion of the 2019 AGM. This authorization is requested to offer the Managing Board with the approval of the Supervisory Board the possibility to repurchase, when it is in the best interest of the Company's shareholders and other stakeholders for creating long term value, a number of fully paid-up ordinary and/or preference shares, within the limit of the Articles of Association (which is set at 10% of the Company' issued share capital).

Agenda item 10 - Voting item

Delegation to the Supervisory Board of the authority to issue new common and preference shares, to grant rights to subscribe for such shares and to limit, and/or exclude existing shareholders' pre-emptive rights on common shares, until the conclusion of the 2019 AGM.

Shareholders' information:

To delegate to the Supervisory Board the authority to resolve: (i) upon the issuance of common and preference shares in the Company's share capital or to grant rights to subscribe for common and preference shares in the Company's share capital, up to a maximum of 10% of the Company's issued common share capital, as per 31 December 2017, increased with another 10% of the Company's issued common share capital, as per 31 December 2017, in case of mergers and acquisitions, but not exceeding the limits of the authorized share capital, and without limitation for preference shares; (ii) upon the terms and conditions of an issuance of common and preference shares; and (iii) upon limitation and/or exclusion of pre-emptive rights of existing shareholders upon issuance of common shares or rights to subscribe for such shares, all through the conclusion of the 2019 AGM.

Annex A

The table below summarizes the full schedule for the quarter dividends:

Quarter	Ex-dividend Date	Global Record Date	Payment Date in Europe	NYSE Payment Date: on or after	Transfer between New York and Dutch registered shares restricted:	
					From End of Business in Europe on:	Until Open of Business in NY on:
Q2 2018	18.Jun.18	19.Jun.18	20.Jun.18	26.Jun.18	18.Jun.18	20.Jun.18
Q3 2018	17.Sep.18	18.Sep.18	19.Sep.18	25.Sep.18	17.Sep.18	19.Sep.18
Q4 2018	17.Dec.18	18.Dec.18	19.Dec.18	27.Dec.18	17.Dec.18	19.Dec.18
Q1 2019	18.Mar.19	19.Mar.19	20.Mar.19	26.Mar.19	18.Mar.19	20.Mar.19