



STMICROELECTRONICS N.V.
2016 Annual General Meeting of Shareholders
(the “AGM”)

EXPLANATORY NOTES

Our Supervisory Board proposes:

Agenda item 2 - Discussion item

Shareholders are invited to discuss the report of the Managing Board on our 2015 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 2015 statutory annual accounts and the deviations from the Dutch Corporate Governance Code included in chapter 5 of the 2015 statutory annual accounts. The 2015 statutory 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 our 2015 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 2015 statutory annual accounts in chapter 4. The 2015 statutory 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 2015 statutory annual accounts in paragraph 4.8. The 2015 statutory annual accounts are published on the Company’s website.

Agenda item 4-b - Voting item

To adopt our statutory annual accounts for our 2015 financial year, as drawn up by our Managing Board, examined and audited by our independent external auditors, PricewaterhouseCoopers Accountants N.V., and approved by our Supervisory Board. Our statutory annual accounts, which include the reports of our Managing and Supervisory Boards, have been prepared in English consistent with our prior practice, and in accordance

with IFRS Accounting Standards as adopted by the European Union, as IFRS constitute our statutory reporting standards.

Agenda item 4-c - Voting item

To distribute, in line with our Dividend Policy, a quarter dividend in cash of:

- US\$ 0.06 per common share in the second quarter of 2016,
- US\$ 0.06 per common share in the third quarter of 2016,
- US\$ 0.06 per common share in the fourth quarter of 2016, and
- US\$ 0.06 per common share in the first quarter of 2017. ⁽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 our 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 our Managing Board for his management during our 2015 financial year.

Shareholders' information:

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

Agenda item 4-e - Voting item

To discharge the members of our Supervisory Board for their supervision during our 2015 financial year.

Shareholders' information:

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

Agenda item 5 - Voting item

To approve that the Supervisory Board grants to Mr. Carlo Bozotti up to a maximum number of 100,000 common shares, in the form of Unvested Stock Awards, for services to be rendered in 2016 as our President and CEO, whereby the vesting of such Unvested Stock Awards will be tied to company performance, according to predetermined and quantifiable

⁽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.

criteria to be fixed by our Supervisory Board upon the recommendation of its Compensation Committee, with the objective of creating long-term value for our shareholders.

Shareholders' information:

The Unvested Stock Awards are intended to provide an incentive to our 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 our Supervisory Board upon the recommendation of its Compensation Committee are met. Such criteria are usually based on business and financial results of our Company as compared to a benchmark of selected semiconductor companies over a 12-month period and/or our 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, provided that Mr. Bozotti is still an employee at such time (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 2015 statutory annual accounts in paragraph 4.8, where past performance under this plan can be viewed. The 2015 statutory annual accounts are published on the Company's website.

Agenda item 6 - Voting item

To re-appoint Ms. Janet Davidson as a member of our Supervisory Board, for a three-year term effective as of the AGM to expire at the end of our 2019 AGM.

Shareholders' information:

Ms. Janet Davidson (59 years old | American nationality)

Ms. Janet Davidson has been a member of our Supervisory Board since June 2013. She serves on our Supervisory Board's Audit Committee and Strategic Committee. She began her career in 1979 as a member of the Technical Staff of Bell Laboratories, Lucent Technologies (as of 2006 Alcatel Lucent), and served from 1979 through 2011 in several key positions, most recently as Chief Strategy Officer (2005 – 2006), Chief Compliance Officer (2006 – 2008) and EVP Quality & Customer Care (2008 – 2011). From 2005 through 2012, Ms. Davidson was a member of the Lehigh University Board of Trustees. In 2007 she served on the Riverside Symphonia Board of Trustees and in 2005 and 2006, Ms. Davidson was a member of the Liberty Science Center Board of Trustees. Ms. Davidson was a member of the board of the Alcatel Lucent Foundation from 2011 until 2014. Ms. Davidson is a graduate of the Georgia Institute of Technology (Georgia Tech), Atlanta, GA, USA, and Lehigh University, Bethlehem, PA, USA and holds a Master's degree in Electrical Engineering. Ms. Davidson does not hold any common shares and has no rights to acquire common shares in our share capital.

The re-appointment of Ms. Davidson as member of our 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 our Supervisory Board.

Agenda item 7 - Voting item

To appoint Mr. Salvatore Manzi as a member of our Supervisory Board for a three-year term effective as of the AGM to expire at the end of our 2019 AGM.

Shareholders' information:

Mr. Salvatore Manzi (44 years old | Italian nationality)

Mr. Salvatore Manzi is the founder and managing director (since 2017) of Schema31 S.p.A., a company providing innovation service as a business process outsourcer for public administrations and large private customers. During the course of his professional career, Mr. Manzi directed several Italian software companies, where he was responsible for ICT projects in the areas of enterprise management, finance and control, training and R&D. A primary player in one of the major SAP projects in Italy (Rete Ferroviaria Italiana – RFI SpA). Mr. Manzi carries a multi-year international executive management experience in the direction of R&D operations and enterprise ICT projects. Mr. Manzi is currently a member of the supervisory board of ST Holding NV (since 2014) but he will resign from this mandate upon his appointment as member of our Supervisory Board. Mr. Manzi holds a master degree in electrical engineering from the Florence University, Italy, and is a member of the National Board of Engineers, section of Rome (IT, construction, environmental and industrial engineering). Mr. Manzi does not hold any common shares and has no rights to acquire common shares in our share capital.

The appointment of Mr. Manzi as member of our Supervisory 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 the activities as member of our Supervisory Board.

Agenda item 8 - Voting item

Delegation to our 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 for a period of eighteen months.

Shareholders' information:

To delegate to our 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 2015, increased with another 10% of the Company's issued common share capital, as per 31 December 2015, in case of mergers and acquisitions, but not exceeding the limits of our 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, all for a period of eighteen months effective as of our 2016 AGM.

Agenda item 9 - Voting item

To authorize our 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 our share capital as is permitted by law and our 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 our Articles of Association;

all subject to the approval of our Supervisory Board, for a period of eighteen months following the AGM.

Shareholders' information:

During our 2015 AGM, our Managing Board, subject to the approval of our Supervisory Board was authorized to repurchase shares for a period of eighteen months as of our 2015 AGM. We propose to renew this authorization. This authorization is requested to offer our Managing Board with the approval of our 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 our Articles of Association (which is set at 10% of our issued share capital).

Annex A

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

Quarter	Global Record Date	Ex-dividend Date in Europe	Payment Date in Europe	Ex-dividend Date in NYSE	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 2016	21.Jun.16	20.Jun.16	22.Jun.16	17.Jun.16	28.Jun.16	20.Jun.16	22.Jun.16
Q3 2016	20.Sep.16	19.Sep.16	21.Sep.16	16.Sep.16	27.Sep.16	19.Sep.16	21.Sep.16
Q4 2016	20.Dec.16	19.Dec.16	21.Dec.16	16.Dec.16	28.Dec.16	19.Dec.16	21.Dec.16
Q1 2017	21.Mar.17	20.Mar.17	22.Mar.17	17.Mar.17	28.Mar.17	20.Mar.17	22.Mar.17