



STMICROELECTRONICS N.V.
(the “Company”)

2019 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 2018 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 2018 annual accounts and the deviations from the Dutch Corporate Governance Code included in chapter 5 of the 2018 annual accounts. The 2018 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 2018 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 2018 annual accounts in chapter 4. The 2018 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 2018 annual accounts in paragraph 4.8. The 2018 annual accounts are published on the Company’s website.

Agenda item 4-b - Voting item

To adopt the annual accounts for the 2018 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 2019,
- US\$ 0.06 per common share in the third quarter of 2019,
- US\$ 0.06 per common share in the fourth quarter of 2019, and
- US\$ 0.06 per common share in the first quarter of 2020. ⁽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 2018 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 2018 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-a - 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 2019 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 2018 annual accounts in paragraph 4.8, where past performance under this plan can be viewed. The 2018 annual accounts are published on the Company's website.

Agenda item 5-b - Voting item

To approve the delegation to our Supervisory Board of the power to grant Mr. Jean-Marc Chery a special annual bonus of up to 60% of his base salary, payable in common shares (and to delegate to our Supervisory Board the power to limit and/or exclude pre-emption rights in connection therewith), based on specific predetermined and quantifiable criteria as determined by our Supervisory Board upon the recommendation of its Compensation Committee (the 'Special Bonus'), with the objective of creating long-term value for our shareholders and other stakeholders.

Shareholders' information:

The Special Bonus would be part of a revision of the structure of the short term incentive for the President and CEO from a maximum of 210% of his base salary payable in cash into an annual bonus of up to 150% of his base salary payable in cash based on budget and short term criteria and the Special Bonus of 60% of base salary. This Special Bonus would be payable in common shares with effect from 2019 onwards. The number of common shares will depend on the share price at the date of grant. The maximum number of common shares that can vest under the Special Bonus (i.e., if all criteria as determined by our Supervisory Board upon the recommendation of its Compensation Committee have been met) can be calculated as follows:

$$'(0.60 \times \text{base salary}) / \text{share price per common share at the date of grant}'$$

The granted shares will vest in three equal portions over the three years after the year of grant.

The Special Bonus is intended to provide an incentive to the President and CEO to increase his efforts for the success of the company by offering him an opportunity to obtain or increase his proprietary interest in the company through the vesting of the common shares under the Special Bonus 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.

This authorization is in addition to the authorizations requested in agenda item 10.

Agenda item 6 - Voting item

To appoint Ms. Martine Verluyten as a member of the Supervisory Board for a one-year term effective as of the 2019 AGM to expire at the end of the 2020 AGM.

Shareholders' information:

Ms. Martine Verluyten (67 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 7 - Voting item

To appoint Ms. Janet Davidson as a member of the Supervisory Board for a three-year term effective as of the 2019 AGM to expire at the end of the 2022 AGM.

Shareholders' information:

Ms. Janet Davidson (62 years old | American nationality)

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 also a member of the board of directors of Millicom since April 2016. On February 22, 2019, Ms. Davidson was elected to the board of directors of The AES Corporation and was appointed to the Financial Audit Committee and Compensation Committee of its board of directors. 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 own any common shares in the Company's share capital.

The re-appointment of Ms. Davidson 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. Claudia Bugno as a member of the Supervisory Board, for a three-year term effective as of the 2019 AGM to expire at the end of the 2022 AGM.

Shareholders' information:

Ms. Claudia Bugno (43 years old | Italian nationality)

Claudia Bugno is currently the Special Adviser for Organization and Development to the Italian Minister of Economy and Finance. Between November 2015 and March 2018 Mrs. Bugno was Vice President Public Affairs at Italian national carrier Alitalia, in charge of developing a national, European and international government relations strategy aimed at promoting industrial development, market access and the expansion of the airline's global network. Prior to acting as General Coordinator of the Rome 2024 Olympic Bid Committee, she held leadership roles at the Italian Ministry of Economic Development. These included DG of Strategic Planning and Evaluation (2009-2015) and Chairman of the Central Guarantee Fund for SMEs (2009-2013) – a government fund which only in 2012 activated financing for over €8 billion, contributing to the stability of the country's industrial and capital markets environment. During her time at the Ministry, she has developed an expertise in the energy, telecommunications, aerospace and defense among other industry sectors, which she continues to closely follow in her current role. Mrs. Bugno graduated with a degree in Political Science from La Sapienza University in 2000. Ms. Bugno does not own any common shares in the Company's share capital.

The appointment of Ms. Bugno 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 purchase 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 2020 AGM.

Shareholders' information:

During the 2018 AGM, the Managing Board, subject to the approval of the Supervisory Board, was authorized to repurchase shares for a period until the 2019 AGM. We propose to renew this authorization through the conclusion of the 2020 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 items

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 2020 AGM.

Agenda item 10-a - Voting item

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 2018, 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 2020 AGM.

Agenda item 10-b - Voting item

Shareholders' information:

In addition to the delegation proposed under agenda item 10-a, to delegate to the Supervisory Board the authority to resolve: (i) upon the issuance of common shares in the Company's share capital or to grant rights to subscribe for common shares in the Company's share capital, up to an additional 10% of the Company's issued common share capital, as per 31 December 2018, in case of mergers and acquisitions, but not exceeding the limits of the authorized share capital; (ii) upon the terms and conditions of an issuance of common 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 2020 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 2019	17.Jun.19	18.Jun.19	19.Jun.19	25.Jun.19	17.Jun.19	19.Jun.19
Q3 2019	16.Sep.19	17.Sep.19	18.Sep.19	24.Sep.19	16.Sep.19	18.Sep.19
Q4 2019	16.Dec.19	17.Dec.19	18.Dec.19	27.Dec.19	16.Dec.19	18.Dec.19
Q1 2020	16.Mar.20	17.Mar.20	18.Mar.20	24.Mar.20	16.Mar.20	18.Mar.20