

ANNEX B

Audit Committee Charter

STMICROELECTRONICS N.V.

AUDIT COMMITTEE CHARTER

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1. PURPOSE

The Audit Committee shall assist the Supervisory Board (“the Supervisory Board”) in fulfilling its oversight responsibilities relating to corporate accounting and reporting practices of the Company, and the quality and integrity of the financial reports of the Company. The Audit Committee’s primary duties and responsibilities are to assist the Supervisory Board’s oversight of:

- the integrity of the Company’s financial statements;
- the Company’s compliance with all legal and regulatory requirements applicable to Audit Committee functions;
- the independence and qualifications of the Company’s independent auditors; and
- the performance of the Company’s internal audit processes and independent auditors.

The Audit Committee will fulfill these responsibilities primarily by carrying out the activities enumerated in Section 4 of this Charter.

2. AUTHORITY/COMPOSITION

1. Authority

The Supervisory Board authorizes the Audit Committee, within the scope of its responsibilities, to:

- Seek any information it requires from:
 - management, the internal auditors and all other relevant employees of the Company (and all such employees are directed to co-operate with any request made by the Audit Committee); or
 - external parties;
- Obtain outside legal, accounting or other professional advice;
- Meet with Company executives as appropriate; and
- Appoint an Audit Committee Secretary who will report directly to the Chairman of the Audit Committee in the exercise of this function.

The Supervisory Board authorizes the Audit Committee to perform all other duties prescribed for it in this Charter. The Audit Committee shall have the power to delegate its authority and

duties to sub-committees or individual members of the Audit Committee as it deems appropriate. In discharging its oversight role, the Audit Committee is empowered to investigate any matter relating to the Company's accounting, auditing, internal control or financial reporting practices, with full access to all Company books, records, facilities and personnel. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of

- a) compensation to the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company,
 - b) compensation to any advisors retained by the Audit Committee, and
 - c) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.
2. The Audit Committee shall be comprised of three or more directors as determined by the Supervisory Board. All members of the Audit Committee shall have a working familiarity with basic finance and accounting practices. The Supervisory Board shall determine that at least one member of the Audit Committee shall have accounting or related financial management expertise, and is an "audit committee financial expert" as such term is defined by the U.S. Securities and Exchange Commission (the "SEC"). Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant. The Audit Committee may also retain one or more financial, legal or other experts to assist the Audit Committee, in its sole discretion with no obligation to first obtain Supervisory Board or Managing Board approval. Audit Committee members may not serve simultaneously on the Audit Committees of more than two other public companies without prior express approval from the Supervisory Board.
 3. The members of the Audit Committee shall be appointed annually by the members of the Supervisory Board and shall serve until their successors shall be duly appointed and qualified. The members of the Supervisory Board shall appoint a Chairperson for the Audit Committee.

3. MEETINGS

1. The Audit Committee shall meet at least five times annually, or more frequently as circumstances dictate. The Audit Committee should meet separately, periodically, with the Managing Board (the President and CEO), the senior management, (CFO, General Counsel, director of investor relations, etc.), director of the internal auditing department and the independent auditors to discuss any matters that the Audit Committee or each of these groups believes should be discussed. In addition, the Audit Committee should review with the independent auditors and senior management, on a quarterly basis, the Company's financial results consistent with Sections 4.4 and

4.5 below. The Controllers as defined in the Charter of the Supervisory Board are invited to attend the Audit Committee meetings.

2. The internal auditors and independent auditors should be invited to make presentations to the Audit Committee as appropriate.
3. The proceedings of all meetings will be minuted.

4. RESPONSIBILITIES AND DUTIES

The Audit Committee shall:

Review of Charter, Annual and Interim Financial Statements

1. Review and reassess, at least annually, the adequacy of this Charter. Make recommendations to the Supervisory Board, as conditions dictate, to update this Charter.
2. Meet with the independent auditors prior to the audit for each year to review the scope, planning and staffing of the proposed audit for such year.
3. Review with the Managing Board and approve earnings press releases before they are issued and review with senior management the Company's practices with respect to earnings press releases, as well as the nature of financial information and earnings guidance provided to analysts and rating agencies.
4. Review with the Managing Board and the independent auditors and pre-approve the Company's draft annual financial statements prior to approval by the Supervisory Board or publication and adoption by the shareholders, including a discussion with the independent auditors of the matters required to be discussed by Statement of Auditing Standards No. 61 ("SAS No. 61") and a discussion of the Company's proposed disclosures under "Operating and Financial Review and Prospects".
5. Review with the Managing Board, senior management and the independent auditors and approve the Company's quarterly financial results prior to filing or publication, including a discussion with the independent auditors of the matters required to be discussed by SAS No. 61 and a discussion of the Company's proposed disclosures under "Operating and Financial Review and Prospects".
6. Review with the Managing Board and senior management and approve the Company's Annual Report on Form 20-F and appropriate Reports on Form 6-K prior to filing with the SEC.
7. Review with the Managing Board, senior management and the independent auditors the effectiveness of the Company's disclosure controls and procedures.

Independent auditors

8. Select the independent auditor to be employed by the Company to audit its financial statements, to be ratified by the Supervisory Board and proposed to the shareholders for appointment. Assume responsibility (in accordance with Dutch law) for the retention, evaluation, compensation, oversight and termination of any independent auditor employed by the Company (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditor shall report directly to the Audit Committee, subject to the annual shareholders meeting's right to appoint or revoke the appointment of the independent auditor pursuant to Dutch law and the Company's articles of association.
9. Have the sole authority to preapprove any non-audit services to be provided by the independent auditor and to approve any Company policy relating to such services, as are permitted to be provided under any applicable law. The Audit Committee shall review with the lead audit partner whether any of the audit team members receive any discretionary compensation from the audit firm with respect to non-audit services performed for the Company by the independent auditor. Obtain annual report on the services provided and fees paid by the Company and its consolidated subsidiaries to the independent audit firm, as required to be disclosed by the Company in its annual report on Form 20-F and the Document de Référence.
10. Obtain and review with the lead audit partner and a more senior representative of the independent auditors, annually or more frequently as the Audit Committee considers necessary, a report by the independent auditor describing (i) the audit firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the audit firm, and any steps taken to deal with any such issues; and (iii) to assess the audit firm's independence, all relationships between the independent auditor and the Company. The Audit Committee shall, in addition to assuring the regular rotation of the lead and concurring audit partners, consider whether there should be more regular rotation of the audit firm or other members of the team of independent auditors.
11. Review the experience and qualifications of the senior members of the independent auditor team and the audit firm.
12. Review with the independent auditor: (a) all critical accounting policies and practices to be used by the Company in preparing its financial statements; (b) all alternative treatments of financial information within applicable generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; (c) other material written communications between the independent auditor

and management, such as any management letter or schedule of unadjusted differences (including letters “proposed” to be issued by the audit firm to the Company); (d) any accounting adjustments that were noted or proposed by the auditor but were “passed” (as immaterial or otherwise); (e) any communications between the audit team and the audit firm’s national office respecting auditing or accounting issues presented by the engagement; (f) any audit problems or difficulties with management’s response, and whether the independent auditor has been the subject of any attempts to improperly influence its audit function; and (g) the responsibilities, budget and staffing of the Company’s internal audit function.

13. Inquire whether the independent auditor has discovered any illegal activity during the course of the audit.
14. Approve the Company’s policy relating to the hiring of any person who served as an employee or former employee of the independent auditor during the 23 months preceding the date of hire. Approval for hiring of senior financial officers may not be granted until after a minimum cooling-off period of 12 months has passed.

Financial Reporting Process

15. In conjunction with management, the independent auditors and the internal auditors, review the quality and adequacy of, and compliance with, the Company’s internal control over financial reporting. Review management’s report on internal controls over financial reporting and the independent auditor’s attestation on such report. Review any material changes to such internal controls over financial reporting.
16. Consider and advise, if appropriate, changes to the Company’s auditing and accounting principles and practices as suggested by the independent auditors, management, or the internal auditing department.
17. Review with management periodically the Company’s major financial risk exposures and the steps management has taken to monitor and control such exposures.
18. Review the internal audit function’s organization, responsibilities, plans, results, budget and staffing. Review the appointment, replacement, reassignment or dismissal of the principal internal auditor. Meet separately with the director of internal audit to discuss any matters that the Audit Committee or auditors believe should be discussed.

Legal Compliance/General

19. Review with the Company’s general counsel, any legal matter that could have a significant impact on the Company’s financial statements or disclosure controls or procedures.
20. Report to the Supervisory Board following the meetings of the Audit Committee.

21. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or potential violations of law and (b) the confidential submission by employees of the Company of concerns regarding questionable accounting or auditing matters or potential violations of law and propose such procedures for adoption by the Supervisory Board.
22. Evaluate the Audit Committee's own performance on a regular basis and report to the Supervisory Board the results of such evaluation.

The foregoing list of duties is not intended to be exhaustive, and the Audit Committee shall, in addition, have such powers as may be necessary or appropriate for the performance of its oversight function.

Clarification of Audit Committee's Role

The Audit Committee's responsibility is one of oversight. It is the responsibility of the Company's management to prepare consolidated financial statements in accordance with applicable law and regulations and of the Company's independent auditor to audit those financial statements. Therefore, each member of the Audit Committee shall be entitled to rely, to the fullest extent permitted by law, on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations.