

Preamble to ST Corporate Governance Charter

All publicly listed companies incorporated in The Netherlands, including STMicroelectronics N.V. (“ST”) are subject to the Dutch Corporate Governance Code (the “Code”) effective January 1, 2004. As ST is listed on the New York Stock Exchange (“NYSE”), Eurolist by EuronextTM Paris (or “Eurolist”) and Milano Borsa and not in The Netherlands, our policies and practices cannot be in every respect consistent with all Dutch “Best Practice” recommendations contained in the Code. We have summarized our corporate governance policies and practices in this Charter. Our Charter was discussed with and approved by our shareholders at our 2004 Annual General Meeting of Shareholders. It is incorporated by reference in the report of the Managing Board presented at our 2005 Annual General Meeting of Shareholders, and will be incorporated by reference (including updates) in future Managing Board and Supervisory Board reports to our shareholders. This Charter will also be further updated and expanded whenever necessary or advisable. As recommended by the Code, we are committed to inform our shareholders of any significant changes in our corporate governance policies and practices at our annual general meeting.

Our Corporate Governance Charter is posted on our website and available in print to any shareholder who may request it.

ST CORPORATE GOVERNANCE CHARTER

Introduction

Since our formation in 1987, we have demonstrated a consistent commitment to the principles of good corporate governance, evidenced by:

- (i) ST's corporate organization under Dutch law that entrusts ST management to a Managing Board acting under the supervision and control of a Supervisory Board independent from the Managing Board. Members of the Managing Board and Supervisory Board are appointed and dismissed by our shareholders;
- (ii) (ST's early adoption of policies on important issues such as "business ethics", "conflicts of interest" and "insider trading".
- (iii) ST's strict policies concerning financial reporting and public disclosures which have been implemented since its 1994 IPO and are periodically reviewed to comply with applicable regulatory requirements,
- (iv) ST's compliance with United States, French and Italian securities laws, because our shares are listed in these jurisdictions, and with Dutch company and securities laws, because we are a company incorporated under the laws of The Netherlands, as well as ST's compliance with all corporate, social and financial laws applicable to our subsidiaries in all of the countries in which we do business; and
- (v) ST's broad-based activities in the field of corporate social responsibility, encompassing environmental, social, health, safety, educational and other related issues.

I. CORPORATE ORGANIZATION

ST is organized under Dutch laws and operates with a Managing Board and a Supervisory Board, both of which report to our shareholders.

A. Our Managing Board

1. Our Managing Board is entrusted with our general management. The Managing Board whose Members are appointed and dismissed by our shareholders, upon proposal by the Supervisory Board, is currently comprised of one person, our President and Chief Executive Officer (“CEO”). Our President and CEO is supported in his tasks by a Chief Operating Officer (“COO”) reporting to him and appointed by the President and CEO and endorsed by our Supervisory Board, as well as by a group of Executive Vice Presidents, which form part of a Corporate Executive Committee, and a group of Corporate Vice Presidents which together with Corporate Vice President constitute Corporate Staff Members. By law, neither our CEO, our COO, nor any of our Corporate Staff Members can serve on our Supervisory Board. In addition, neither our CEO, our COO, nor any of our Corporate Staff Members may serve as a director of any publicly listed company without the prior approval of our Supervisory Board.
2. Under the responsibility of our Managing Board, a Corporate Executive Committee has been set up in January 2005 comprising five executive officers, in addition to the COO and the CEO. The role of the Corporate Executive Committee, which represent all the functions of the organization, include corporate policy making, coordination of the strategies of individual corporate functions, and driving major cross-functional programs. The Corporate Executive Committee is chaired by the CEO or, in the CEO’s absence, the COO, and meets regularly to discuss and drive major company-wide strategies and programs.
3. Our Managing Board is accountable to our Supervisory Board and to our General Meeting of Shareholders. In discharging its role according to Dutch law, the Managing Board guides ST in our best interest as well as in consideration of the interests of all of our stakeholders.
4. Our Managing Board is required to inform our Supervisory Board in writing at least once a year of the main features of strategic policy, the general and financial risks and the management and control systems of ST.
5. Our Managing Board prepares a report to the shareholders at our General Meeting of Shareholders.

B. Our Supervisory Board

1. General Provisions

- a.** Our Supervisory Board advises our Managing Board in performing its management tasks and supervises the policies of our Managing Board and the general course of our affairs and business. Our Supervisory Board approves major management decisions including multiyear plans, the budget for the coming year, investment policies, the sale of all or an important part of our assets or concerns, any agreement relating to Intellectual Property if substantial and material, the formation of new companies, the ceiling for the granting of guarantees to third parties, our general policies in the area of research and development, marketing, financial and personnel matters, as well as (subject to further approval by our shareholders in the event that these are material transactions), all mergers, acquisitions or joint venture agreements. Our Supervisory Board also approves our financial reporting before publication of our quarterly press release and our accounts prior to their submission for approval by our General Meeting of Shareholders. In addition, our Supervisory Board approves (i) all operations outside the ordinary course, including any agreements with our indirect shareholders, (ii) our operational and financial objectives, (iii) the strategy designed to achieve such objectives and (iv) the parameters to be applied in relation to such strategy.
- b.** Our Supervisory Board has adopted a Charter setting forth the rules and procedures governing its operations and the manner in which it carries out its duties and exercises operational and financial control over our operations. The Supervisory Board Charter also sets forth the Supervisory Board's policies with respect to the number of boards of listed companies on which ST Supervisory Board members may sit, , describes the role of the Chairman and Vice Chairman of our Supervisory Board, as well as that of the Supervisory Board Committees, Secretariat and Controllers. Furthermore, the Supervisory Board Charter fixes the rules applicable to the appointment term, resignation and remuneration of Supervisory Board members, their orientation and continuing education and other matters. The Supervisory Board Charter is posted on our web site and is made available in print to shareholders upon request. Our Supervisory Board prepares a report to our shareholders for our general meeting of shareholders.
- c.** Supervisory Board Members are appointed and dismissed by the General Meeting of Shareholders on the proposal of the Supervisory Board for a maximum term of three years, which is renewable. Our Supervisory Board currently comprises nine members. Supervisory Board Members are selected on the

basis of their specific business, financial, technical and/or legal expertise, prior professional experience, soundness of judgment, ability to make analytical enquiries and willingness to devote the time required to adequately perform their activities as Supervisory Board Members.

- d.** Our Supervisory Board has adopted a policy limiting Members' participation on boards of other listed public companies to five.
- e.** To ensure continuity and to retain the benefit of the experience of leading industry experts, we do not believe it is in our best interests to limit the number of terms a member may serve on our Supervisory Board.
- f.** Certain of our Supervisory Board Members may be proposed by and retain certain relationships with our direct or indirect shareholders represented through STMicroelectronics Holding II B.V. and STMicroelectronics Holding N.V. All of our Supervisory Board Members are committed to serve our best interests and to take into account those of our other stakeholders.
- g.** Our Supervisory Board Members may and do, when necessary, meet outside the presence of our Managing Board, have full access to management and Company records on request, and may, at our expense, hire their own advisors when necessary and appropriate.
- h.** The Chairman and Vice Chairman of our Supervisory Board constitute the primary communication channel between our Managing Board and Supervisory Board.

2. Committees of ST's Supervisory Board

Our Supervisory Board has currently established four permanent committees comprising solely members from our Supervisory Board, to advise it on certain issues: the Audit Committee, the Strategic Committee and the Compensation Committee, which have been in existence since 1996, and in December 2004, a Nominating and Corporate Governance Committee. All committees are independent from the Managing Board, and Corporate Staff Members, and report regularly to the Supervisory Board. A Charter governing the duties and responsibilities of each Committee is published on our website and is made available in print to any shareholder upon request. Our Supervisory Board may amend Committee Charters from time to time and we will publish updates on our website.

a. The Audit Committee

The mission of the Audit Committee is to advise the Supervisory Board with respect to oversight of:

- The integrity of our financial statements;
- Our compliance with all legal and regulatory requirements applicable to Audit Committee functions;
- The independence and qualification of our independent auditors;
- The performance of our internal audit processes and independent auditors including compliance with their recommendations; and
- Any other financial or accounting matter such as financing, internal risk management, control systems and tax policies.

Our Audit Committee proposes our annual and quarterly accounts for adoption by our Supervisory Board. Our Audit Committee also, after a full review, authorizes management to finalize our Operating and Financial Review and Prospects and interim financial information published on a quarterly and annual basis.

Our Audit Committee meets at least five times a year, reports regularly to the Supervisory Board and performs an annual self-evaluation.

Financial or other specialists, to be selected by the Audit Committee can assist the Audit Committee, as and when the Audit Committee considers such assistance necessary.

Our Audit Committee must be comprised of Supervisory Board Members, all of whom are financially literate and at least one of whom has specific accounting or financial management expertise. Our Audit Committee is also subject to U.S. Securities and Exchange Commission (“SEC”) regulations and NYSE listing standards on audit committee independence, expertise, literacy, duties and responsibilities as further outlined in its Charter, to the extent such regulations and standards are not in contradiction with applicable Dutch law.

b. The Strategic Committee

The advisory mission of our Strategic Committee relates to the following fields:

- Strategic developments in the Semiconductor Industry
- Long term planning and budgeting

- Corporate Strategy
- Merger / Acquisition projects
- Major R&D programs
- Any other strategic or material project.

Outside specialists to be selected by our Strategic Committee may assist our Strategic Committee in its mission if deemed necessary by said Committee. The duties and responsibilities of the Strategic Committee are more fully set forth in its Charter which is posted to our website and available in print upon request.

Our Strategic Committee meets at least twice a year and reports periodically to the Supervisory Board concerning items within its field and on the agenda of a Supervisory Board meeting.

c. The Compensation Committee

Our Compensation Committee has several missions:

i To propose decisions for adoption by the Supervisory Board concerning:

- The remuneration and bonus amount for the member of the Managing Board and the performance criteria to be met by the member of the Managing Board to be eligible for the annual bonus amount, as well as subject to shareholders' approval, the amounts of shares or rights to acquire shares attributed each year to the member of the Managing Board;
- The compensation policy for the Managing Board, subject to shareholders' approval;
- Any stock-based compensation plan for Company executives, subject to shareholders' approval;
- Any stock-based compensation plan for Supervisory Board members, subject to shareholders' approval;
- The terms and conditions of any employee stock purchase plans; and
- Annual remuneration for Supervisory Board members subject to shareholder approval and annual remuneration of the Controllers, Secretary and Assistant Secretary.

ii As a delegated administrative body of the Supervisory Board:

- To determine allocation of stock-based compensation to our Executive Officers and

Managers following the proposal made by the Managing Board, pursuant to the terms of any Stock-based Compensation Plan for directors, managers and selected employees, as approved by our shareholders from time to time; and

- To attribute stock-based compensation granted to Supervisory Board members and professionals pursuant to the Stock-based Compensation Plan for our Supervisory Board members and Professionals approved by our shareholders

iii As an advisory Committee to the Supervisory Board:

- To review our remuneration policy and Executive Incentive Program for our Executive Officers and Managers, based on performance criteria which generally relate to customer service, profitability, cash flow and market share; and
- To resolve any other employee compensation matter submitted by our Managing Board.

Outside compensation consultants to be selected by our Compensation Committee may assist our Compensation Committee, at the request of such Committee. The duties and responsibilities of our Compensation Committee are more fully set forth in its Charter, which is posted to our website and available in print upon request.

Our Compensation Committee meets at least twice a year.

All members of the Compensation Committee must be independent as defined by NYSE listing standards.

d. The Nominating and Corporate Governance Committee

The mission of our Nominating and Corporate Governance Committee relates to the following fields:

- Establishing selection criteria and appointment procedures for Supervisory Board Members and Managing Board Members;
- Assessing the size and composition of the Supervisory Board and the Managing Board, and making a proposal for a composition profile of the Supervisory Board;

- Periodically assessing the functioning of individual Supervisory Board Members, and reporting on this to the Supervisory Board;
- Making proposals for appointments and reappointments of members of the Supervisory and Managing Boards;
- Supervising the policy of the Managing Board on the selection criteria and appointment procedures for senior management;
- Reviewing the corporate governance policies of the Company; and
- Recommending all decisions relating to the organization and workings of the Supervisory Board.

The duties and responsibilities of our Nominating and Corporate Governance Committee are more fully set forth in its Charter, which is posted to our website and available in print upon request. The Nominating and Corporate Governance Committee meets at least once a year, and more often as appropriate. All members of the Nominating and Corporate Governance Committee must be independent as defined by NYSE listing standards.

3. Secretariat of the Supervisory Board

Our Supervisory Board appoints and dismisses a Secretary and an Assistant Secretary as proposed by the Supervisory Board. Furthermore, the Managing Board makes an Executive Secretary available to the Supervisory Board. The Executive Secretary is also appointed and dismissed by the Supervisory Board. The Secretary, Assistant Secretary and Executive Secretary constitute the Secretariat of the Supervisory Board.

The mission of the Secretariat is to organize meetings, the continuing education and training of Supervisory Board members, record keeping as well as to provide legal advice and communications relating to Supervisory Board meetings. The Secretariat is also responsible for providing all necessary secretarial support to the Committees of the Supervisory Board, in accordance with the requirements of the Chairman of each Committee.

4. Controllers of the Supervisory Board

Our Supervisory Board appoints and dismisses two financial experts (“Controllers”). The mission of the Controllers is primarily to assist the Supervisory Board in evaluating our operational and financial performance, business plan, strategic initiatives and the implementation of Supervisory Board decisions, as well as to review the operational reports provided

under the responsibility of the Managing Board. The Controllers generally meet once a month with the management of the Company and report to the Supervisory Board.

C. Our Shareholders

1. In accordance with our Articles of Association, our shareholders are required to approve certain actions, including, but not limited to:

- the approval of our annual accounts prior to any regulatory filings;
- the appointment and dismissal of Members of our Managing Board, Supervisory Board and our External Auditors;
- resolutions regarding a significant change in the nature or identity of ST;
- capital increases and waiver of pre-emptive rights; and
- any changes to the Articles of Association.

2. Shareholders representing at least one per cent (1%) of our issued share capital or a market value of, at least EUR 50 million, who are entitled to attend shareholder meetings may propose items to be included on the agenda, unless ST determines that such proposal would conflict with the substantial interests of ST.

II. REMUNERATION OF OUR MANAGING AND SUPERVISORY BOARD MEMBERS

A. Remuneration of our Managing Board

The General Meeting of Shareholders determines the compensation policy of our Managing Board, upon the proposal of our Supervisory Board, after considering the practices in the semiconductor industry. The Supervisory Board determines the compensation of the sole member of the Managing Board within the scope of the Company's compensation policy. Such compensation comprises of a fixed salary and a bonus, which requires the sole Managing Board Member to fulfill predetermined criteria, fixed at the beginning of each financial year by the Supervisory Board upon the recommendation of the Compensation Committee. Such criteria generally relate to the Company's revenue growth compared to that of its main competitors, its profitability and market performance over the course of a fiscal year.

Furthermore, upon the recommendation of the Compensation Committee (based on industry benchmarking and Company performance), the Supervisory Board also determines and submits for approval to each Annual General Meeting of Shareholders a proposal regarding compensation in the form of shares or rights to acquire shares, to be awarded to the Managing Board as part of a stock based compensation plan for key employees of the Company and indicating the number of shares or rights to acquire shares to be attributed to the members of the Managing Board, as well as whether such grant is or not conditional. The repricing of stock options requires shareholder approval, which has never been solicited.

The remuneration of the sole Managing Board Member does not involve any loans from the Company.

B. Remuneration of ST's Supervisory Board Members

The remuneration of ST's Supervisory Board Members is fixed by the Shareholders at the Annual General Meeting of Shareholders and is comprised of:

- A lump sum compensation amount, and
- An attendance fee per meeting of the Supervisory Board or Committee.

Such amounts are paid at the end of each fiscal year to each Supervisory Board member or his or her designee.

- A stock-based compensation, pursuant to the terms of a stock-based compensation plan for Supervisory Board Members approved by our shareholders. The repricing of stock options requires prior shareholder approval, which has never been solicited.
- The remuneration of the Supervisory Board Members does not involve any loans from the Company.

We strongly believe that the granting of irrevocable stock options or other stock-based compensation to Supervisory Board Members enables better identification with shareholder interests and that stock-based compensation is conducive to attracting, incentivizing and retaining the most suitable candidates to accept service as Supervisory Board Members, in light of worldwide practices in the semiconductor and technology industries.

We will continue to submit, as we have in the past, any stock-based compensation plan to our shareholders for approval.

C. Exercise of Stock Options, Share Awards and Trading in ST Securities by Managing Board and Supervisory Board Members

We report the exercise of stock options or share awards and trading in ST securities by the Members of our Managing and Supervisory Boards to the Dutch *Autoriteit Financiële Markten* (Authority for the Financial Markets) immediately after any transaction is reported to us. We will simultaneously inform the French *Autorité des Marchés Financiers* (Authority for the Financial Markets) and the Italian *Consob* (National Commission for the Company and the Bourse) and publish a press release in France and Italy as required by local rules. We publish information concerning directors' transactions in our annual filings with the SEC, the French *Autorité des Marchés Financiers* and the Italian *Consob*.

III. INFORMATION POLICY

We are committed to providing all of our stakeholders with comprehensive financial and operating information on a timely basis in compliance with applicable laws and regulations on financial disclosure. Our Corporate Communications and Investor Relations Department work closely with our Legal Department and outside Legal Advisers to ensure that we comply at all times with this commitment.

Our policy is to issue a press release with full quarterly financial and operating data and related commentary within approximately 25-30 days after the end of each interim period. In addition to our timely reporting of a statement of income and balance sheet, we include in each of our results releases:

- Revenue breakdowns by reporting segment, product family and targeted market applications
- Operating income by reporting segment
- Cash-flow statements
- An “Outlook” section for the subsequent quarter

Earnings releases are prepared by the Managing Board, reviewed by the Audit Committee and approved by the Supervisory Board prior to issuance.

Our policy is also to submit quarterly interim financial information for each of the first three fiscal quarters, complete with Operating and Financial Review and Prospects (or “OFR”) .

Annual audited financial statements, including the audit report of our independent registered public accounting firm, the Managing Board report and the Supervisory Board report are published at least 30 days before our General Meeting of Shareholders and we issue our annual report on Form 20-F, as soon as possible after the General Meeting of Shareholders. Quarterly interim financial reports are made subject to review by our Audit Committee and may be voluntarily certified pursuant to sections 302 and 906 of the Sarbanes-Oxley Act of 2002 by our CEO and CFO.

We also make filings with the French, Italian, Luxembourg and Dutch regulators. In France, where our common shares are listed on the CAC 40 index of Eurolist, we publicly file a *Document de Référence* with the French *Autorités des Marchés Financiers*, containing a full description of our activities, operating and financial review and prospects, statutory accounts, corporate governance, risk factors and other required disclosures. In Italy, where our common shares are listed on the MIB 30 index of the Milan Stock Exchange, we also publicly furnish a complete Italian translation of our *Document de Référence* to the Italian *Consob*, pursuant to mutual recognition procedures. We make public filings in Luxembourg where our convertible bonds due 2013 are listed on the Luxembourg Stock Exchange.

IV. CORPORATE POLICIES RELATING TO BUSINESS ETHICS AND CONFLICTS OF INTEREST

Our Managing Board has issued long-standing corporate standard operating policies on Business Ethics, Conflict of Interest and Insider Trading. Our policies in the field of corporate social responsibility set our goals in environmental protection, promotion of human rights, health, safety, education and workplace practices. Our Business Ethics and Conflict of Interest policies, like our Corporate Governance Charter, are posted on our website and made available in print to any shareholder who may request it.

V. CONCLUSION

Corporate Governance is a commitment to continuous improvement. We consistently monitor and report our corporate governance policies and practices to update them as and when deemed necessary and we will report major changes to our shareholders and other stakeholders at our Annual General Meeting of shareholders.