

STMICROELECTRONICS HOLDING II B V
Form SC 13G/A
February 13, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G/A
(Rule 13D-102)

Under the Securities Exchange Act of 1934
(Amendment No. 8)

STMicroelectronics N.V.

(Name of Issuer)

Common Shares, nominal value €1.04 per share

(Title of Class of Securities)

861012102

(CUSIP Number)

December 31, 2008

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

| | |
|--------------------------|----------------|
| <input type="checkbox"/> | Rule 13d-1 (b) |
| <input type="checkbox"/> | Rule 13d-1 (c) |
| <input type="checkbox"/> | Rule 13d-1 (d) |

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)

CUSIP No. 861012102

SCHEDULE 13G

Page 2 of 29 Pages

1 NAME OF REPORTING PERSON
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
 STMicroelectronics Holding II B.V. ("ST Holding II")

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
 (a) x
 (b) o

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
 The Netherlands

| | | |
|------|---|---|
| | 5 | SOLE VOTING POWER |
| | | None |
| | 6 | SHARED VOTING POWER |
| | | 250,704,754 (See Item 4(a) and Exhibit 1) |
| | 7 | SOLE DISPOSITIVE POWER |
| WITH | | None |
| | 8 | SHARED DISPOSITIVE POWER |
| | | 250,704,754 (See Item 4(a) and Exhibit 1) |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
 250,704,754

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES
 o

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)
 27.5%*

12 TYPE OF REPORTING PERSON
 HC

*Based upon 910,307,305 common shares issued as of December 31, 2008 as shown on the STMicroelectronics N.V.'s share registry.

CUSIP No. 861012102

SCHEDULE 13G

Page 3 of 29 Pages

1 NAME OF REPORTING PERSON
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
 STMicroelectronics Holding N.V. ("ST Holding")

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
 (a) x
 (b) o

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
 The Netherlands

| | | |
|------|---|---|
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SCHEDULE 13G

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
FT1C1

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) x
(b) o

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
France

| | | |
|------|---|---|
| | 5 | SOLE VOTING POWER |
| | | None |
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| | | 250,704,754 (See Item 4(a) and Exhibit 1) |
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| WITH | | None |
| | 8 | SHARED DISPOSITIVE POWER |
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HC

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NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

1

Finmeccanica S.p.A. ("Finmeccanica")

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a) (b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

Italy

SOLE VOTING POWER

5

None

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON

6

SHARED VOTING POWER

250,704,754 (See Item 4(a) and Exhibit 1)

SOLE DISPOSITIVE POWER

7

WITH

None

SHARED DISPOSITIVE POWER

8

250,704,754 (See Item 4(a) and Exhibit 1)

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

250,704,754

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

27.5%*

TYPE OF REPORTING PERSON

12

CO

*Based upon 910,307,305 common shares issued as of December 31, 2008 as shown on the STMicroelectronics N.V.'s share registry.

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1 NAME OF REPORTING PERSON
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
 Cassa Depositi e Prestiti S.p.A. ("CDP")

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
 (a) x
 (b) o

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
 Italy

| | | |
|------|---|---|
| | 5 | SOLE VOTING POWER |
| | | None |
| | 6 | SHARED VOTING POWER |
| | | 250,704,754 (See Item 4(a) and Exhibit 1) |
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*Based upon 910,307,305 common shares issued as of December 31, 2008 as shown on the STMicroelectronics N.V.'s share registry.

CUSIP No. 861012102

SCHEDULE 13G

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Areva

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) x
(b) o

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
France

| | | |
|------|---|---|
| | 5 | SOLE VOTING POWER |
| | | None |
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CO

*Based upon 910,307,305 common shares issued as of December 31, 2008 as shown on the STMicroelectronics N.V.'s share registry.

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1 NAME OF REPORTING PERSON
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
 Commissariat à l' Énergie Atomique ("CEA")

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
 (a) x
 (b) o

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
 France

| | | |
|------|---|---|
| | 5 | SOLE VOTING POWER |
| | | None |
| | 6 | SHARED VOTING POWER |
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| WITH | | None |
| | 8 | SHARED DISPOSITIVE POWER |
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 27.5%*

12 TYPE OF REPORTING PERSON
 CO

*Based upon 910,307,305 common shares issued as of December 31, 2008 as shown on the STMicroelectronics N.V.'s share registry.

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Item 1(a). Name of Issuer:

STMicroelectronics N.V. (the "Company")

Item 1(b). Address of Issuer's Principal Executive Offices:

STMicroelectronics N.V.
39, Chemin du Champ des Filles
1228 Plan-Les-Ouates
Geneva, Switzerland

Item 2(a). Name of Persons Filing:

The current members of the Group of STMicroelectronics N.V. shareholders consisting of:

- | | |
|-------|---------------------------|
| (i) | ST Holding II |
| (ii) | ST Holding |
| (iii) | FT1CI |
| (iv) | Finmeccanica |
| (v) | Cassa Depositi e Prestiti |
| (vi) | Areva |
| (vii) | CEA |

Item 2(b). Address of Principal Business Office, or if none, Residence:

- | | |
|-----|---|
| (i) | STMicroelectronics Holding II B.V. Weena 210-212 3012 NJ Rotterdam The Netherlands |
|-----|---|

- | | |
|------|--|
| (ii) | STMicroelectronics Holding N.V. Weena 210-212 3012 NJ Rotterdam The Netherlands |
|------|--|

- | | |
|-------|--|
| (iii) | FT1CI 33 rue La Fayette 75442 Paris cedex 09 France |
|-------|--|

- | | |
|------|--|
| (iv) | Finmeccanica S.p.A. Piazza Monte Grappa, 4 00195 Rome Italy |
|------|--|

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(v) Cassa Depositi e Prestiti S.p.A.
 Via Goito, 4
 00185 Rome
 Italy

(vi) Areva
 33 rue La Fayette
 75442 Paris cedex 09
 France

(vii) CEA
 Siege
 91191 Gif-sur-Yvette cedex
 France

Item 2(c).

Citizenship:

- (i) The Netherlands
- (ii) The Netherlands
- (iii) France
- (iv) Italy
- (v) Italy
- (vi) France
- (vii) France

Item 2(d).

Title of Class of Securities:

Common Shares, nominal value €1.04 per Share

Item 2(e).

CUSIP Number:

861012102

Item 3.

Item 3 is not applicable.

Item 4(a).

Amount Beneficially Owned:

250,704,754 common shares held of record by ST Holding II on STMicroelectronics N.V.'s share registry.

ST Holding II is a wholly owned subsidiary of STMicroelectronics Holding N.V. which is jointly controlled by FT1CI, CDP and Finmeccanica (see Exhibit 1 attached hereto). FT1CI is controlled by the Areva Group and CEA.

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Item 4(b). Percent of Class:

27.5% based upon 910,307,305 common shares issued as of December 31, 2008 as shown on STMicroelectronics N.V.'s share registry.

Item 4(c). Number of shares as to which such person has:

Please see Items 5, 6, 7, 8, 9 and 11 of each cover sheet for each filing entity.

Item 5. Ownership of Five Percent or Less of a Class

Item 5 is not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person

Item 6 is not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company

Item 7 is not applicable.

Item 8. Identification and Classification of Members of a Group

See attached Exhibit 1 for the identity of each member of the Group and a description of relevant shareholders' agreements. See also, Item 4(a) above.

Item 9. Notice of Dissolution of Group

Item 9 is not applicable.

Item 10. Certification

Item 10 is not applicable.

CUSIP No. 861012102

SCHEDULE 13G

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

By: STMicroelectronics Holding II B.V., signed on its behalf by STMicroelectronics Holding N.V. as Managing Member

February 13, 2009

(Date)

February 13, 2009

(Date)

/s/ Gabriele Pagnotta

(Signature)

/s/ Bertrand Loubert

(Signature)

Name: Gabriele Pagnotta

Name: Bertrand Loubert

Title: Managing Director,
STMicroelectronics Holding N.V.

Title: Managing Director,
STMicroelectronics Holding N.V.

CUSIP No. 861012102

SCHEDULE 13G

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

By: STMicroelectronics Holding N.V.

February 13, 2009

(Date)

February 13, 2009

(Date)

/s/ Gabriele Pagnotta

(Signature)

/s/ Bertrand Loubert

(Signature)

Name: Gabriele Pagnotta

Name: Bertrand Loubert

Title: Managing Director

Title: Managing Director

CUSIP No. 861012102

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

By: FT1CI

February 13, 2009

(Date)

/s/ Gérald Arbola

(Signature)

Name: Gérald Arbola

Title: Chairman and CEO

CUSIP No. 861012102

SCHEDULE 13G

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

By: Finmeccanica S.p.A.

February 13, 2009

(Date)

/s/ Alessandro Pansa

(Signature)

Name: Alessandro Pansa

Title: Co-General Manager

CUSIP No. 861012102

SCHEDULE 13G

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

By: Cassa Depositi e Prestiti S.p.A.

February 13, 2009

(Date)

/s/ Massimo Varazzani

(Signature)

Name: Massimo Varazzani

Title: Chief Executive Officer

CUSIP No. 861012102

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

By: Areva

February 13, 2009

(Date)

/s/ Gérald Arbola

(Signature)

Name: Gérald Arbola

Title: Member of the Executive Board and Chief Operating Officer

CUSIP No. 861012102

SCHEDULE 13G

Page 18 of 29 Pages

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

By: Commissariat à l'Énergie Atomique

February 13, 2009

(Date)

/s/ Olivier Pagezy

(Signature)

Name: Olivier Pagezy

Title: Chief Financial Officer

EXHIBIT 1

Principal Shareholders

ST Holding II is a wholly owned subsidiary of ST Holding. As of December 31, 2008, FT1CI (the “French Shareholder”), controlled by Areva and CEA, and a consortium of Italian shareholders (the “Italian Shareholders”), made up of CDP and Finmeccanica, directly held 50% each in ST Holding. CDP held 30% in ST Holding and Finmeccanica held 20% in ST Holding. The indirect interest of FT1CI and the Italian Shareholders in the Company is split on a 50%-50% basis. Through a structured tracking stock system implemented in the articles of association of ST Holding and ST Holding II, FT1CI indirectly held 125,352,377 of the Company’s common shares, representing 13.7% of its issued share capital as of December 31, 2008, CDP indirectly held 91,644,941 of the Company’s common shares, representing 10.1% of its issued share capital as of December 31, 2008 and Finmeccanica indirectly held 33,707,436 of the Company’s common shares, representing 3.7% of its issued share capital as of December 31, 2008. Any disposals or, as the case may be, acquisitions by ST Holding II on behalf of FT1CI, CDP and Finmeccanica, will decrease or, as the case may be, increase the indirect interest of respectively FT1CI, CDP and Finmeccanica, in the Company’s issued share capital. FT1CI was formerly a jointly held company set up by Areva and France Telecom to control the interest of the French shareholders in ST Holding. Following the transactions described below, Areva and CEA are, as of December 31, 2008, the sole shareholders of FT1CI. Areva (formerly known as CEA-Industrie) is a corporation controlled by CEA. Areva is listed on Euronext Paris in the form of Investment Certificates. CEA is a French-government funded technological research organization. CDP is an Italian corporation 70% owned by the Italian Ministero dell’Economia e delle Finanze (the “Ministry of Economy and Finance”) and 30% owned by a consortium of 66 Italian banking foundations. Finmeccanica is a listed Italian holding company majority owned by the Italian Ministry of Economy and Finance and the public. Finmeccanica is listed on the Italian Mercato Telematico Azionario (“MTA”) and is included in the S&P/MIB 30 stock index.

ST Holding II owned 90% of the Company’s shares before its initial public offering in 1994, and has since then gradually reduced its participation, going below the 66% threshold in 1997 and below the 50% threshold in 1999. ST Holding may further dispose of its shares as provided below in “— STH Shareholders’ Agreement—Disposals of the Company’s Common Shares” and pursuant to the eventual conversion of the Company’s outstanding convertible instruments. Set forth below is a table of ST Holding II’s holdings in the Company as of the end of each of the past three financial years:

| | Common Shares Owned | |
|-------------------|---------------------|------|
| | Number | % |
| December 31, 2008 | 250,704,754 | 27.5 |
| December 31, 2007 | 250,704,754 | 27.5 |
| December 31, 2006 | 250,704,754 | 27.5 |

Announcements about additional disposals of the Company's shares by ST Holding II on behalf of one or more of its indirect shareholders, Areva, CEA, CDP, FT1CI or Finmeccanica may come at any time.

The chart below illustrates the shareholding structure as of December 31, 2008:

-
- (1) FT1CI owns 50% of ST Holding and indirectly holds 125,352,377 of the Company's common shares.
 - (2) Not a legal entity, purely for illustrative purposes.
 - (3) CDP and Finmeccanica own 50% of ST Holding and indirectly hold 91,644,941 and 33,707,436 of the Company's common shares, respectively.
 - (4) CDP owns 30% of ST Holding, while Finmeccanica owns 20% of ST Holding.
 - (5) ST Holding II owns 27.5% of the Company's shares, the Public owns 68.5% of the Company's shares and the Company holds 4.0% as Treasury Shares.

On August 12, 2003, Finmeccanica Finance, a subsidiary of Finmeccanica, issued €438,725,000 aggregate principal amount of 0.375% senior unsecured exchangeable notes due 2010, guaranteed by Finmeccanica (the "Finmeccanica Notes"). On September 1, 2003, Finmeccanica Finance issued an additional €62,675,000 aggregate principal amount of Finmeccanica Notes, raising the issue size to €501,400,000. The Finmeccanica Notes have been exchangeable at the option of the holder since January 2, 2004 into up to 20 million of the Company's existing common shares held by ST Holding II, or 2.3% of its then-outstanding share capital. The Finmeccanica Notes have an initial exchange ratio of 39.8883

shares per note. As of December 31, 2008, none of the Finmeccanica Notes had been exchanged for the Company's common shares.

On February 26, 2008, Finmeccanica agreed to sell 26,034,141 of the Company's common shares to FT1CI. FT1CI's acquisition of the shares was financed by CEA, the parent company of Areva, and, hence, CEA has become a shareholder of FT1CI and now adheres to the STH Shareholders' Agreement.

Shareholders' agreements

STH Shareholders' Agreement

The Company was formed in 1987 as a result of the decision by Thomson-CSF (now called Thales) and STET (now called Telecom Italia S.p.A.) to combine their semiconductor businesses and to enter into a shareholders' agreement on April 30, 1987, which was amended on December 10, 2001 and restated on March 17, 2004. On February 26, 2008, the shareholders' agreement was further amended (as amended, the "STH Shareholders' Agreement") concerning:

- the decision of the French Shareholder and the Italian Shareholders to equally align their respective equity participation in the Company, held through ST Holding, through an agreed sale by Finmeccanica to FT1CI of 26,034,141 of the Company's common shares or approximately 2.85% of its share capital;
- the fact that CEA, a company owned and controlled by the French State and the controlling shareholder of Areva financed the acquisition of the shares being purchased by FT1CI from Finmeccanica and, upon such acquisition, also became a party to the STH Shareholders' Agreement;
- the decision to extend for a further three year period until March 17, 2011 the balancing period as defined under the STH Shareholders' Agreement (see below under "Corporate Governance"); and
- the decision to increase from 9.5% to 10.5% the minimum voting stakes to be held respectively by the French Shareholder and Italian Shareholders (see below under "Corporate Governance").

The current parties to the STH Shareholders' Agreement are Areva, CEA, CDP, Finmeccanica and FT1CI (CDP became bound by the STH Shareholders' Agreement pursuant to a deed of adherence dated December 23, 2004 following its purchase from Finmeccanica of a majority of Finmeccanica's indirect interest in the Company through ST Holding.) The February 26, 2008 amended and restated agreement supercedes and replaces all previous agreements. CDP and Finmeccanica entered into an agreement that provides for the transfer of certain of the rights of Finmeccanica under the STH Shareholders' Agreement to CDP. See "—Other Shareholders' Agreements—Italian Shareholders' Pact" below. Therefore, references to the rights and obligations of Finmeccanica under the STH Shareholders' Agreement described below also refer to CDP.

Pursuant to the terms of the STH Shareholders' Agreement and for the duration of such agreement, FT1CI, on the one hand, and the Italian Shareholders, on the other hand, have agreed to maintain equal interests in the Company's share capital. See further details below.

Restructuring of the Holding Companies

If necessary, the parties agreed to restructure the two holding companies (ST Holding and ST Holding II) to simplify the structure to the extent possible or desirable. In any case, at least one holding company will continue to exist to hold the Company's common shares. The Company that now holds or may hold the Company's common shares in the future for indirect shareholders is referred to below as the "holding company".

Standstill

The STH Shareholders' Agreement contains a standstill provision that precludes any of the parties and the parties' affiliates from acquiring, directly or indirectly, any of the Company's common shares or any instrument providing for the right to acquire any of its common shares other than through the holding company. The standstill is in effect for as long as such party holds the Company's common shares through ST Holding. The parties agreed to continue to hold their stakes in the Company at all times through the current holding structure of ST Holding and ST Holding II, subject to exercising the preference share option granted to ST Holding if ST Holding were to choose not to exercise such rights directly.

Corporate Governance

The STH Shareholders' Agreement provides for a balanced corporate governance of the indirect interests in the Company between FT1CI and Finmeccanica/CDP (FT1CI and Finmeccanica/CDP are collectively defined as "STH Shareholders" and individually defined as "STH Shareholder") for the duration of the "Balance Period", despite actual differences in indirect economic interest in the Company. The "Balance Period" is defined as (i) a period through March 17, 2011, provided that each STH Shareholder owns at all times a voting stake at least equal to 10.5% of the Company's issued and outstanding shares, and (ii) subject to the aforementioned condition, thereafter as long as each STH Shareholder owns at any time, including as a result of the exercise of the "Re-balancing Option" (as defined below), a voting stake equal to at least 47.5% of the total voting stakes. During the Balance Period, each of FT1CI and Finmeccanica (together with CDP) has an option to rebalance their shareholdings, referred to as the "Rebalancing Option", as further described below.

During the Balance Period, the STH Shareholders agree that the holding company will have a managing board comprised of two members (one member designated by FT1CI, and one designated by common agreement of Finmeccanica and CDP pursuant to the Italian Shareholders' Pact as described below) and a supervisory board comprised of eight members (four designated by FT1CI and four designated by common agreement of Finmeccanica and CDP pursuant to the Italian Shareholders' Pact as described below). In November 2006, FT1CI, CDP and Finmeccanica decided to reduce the number of members

of the supervisory board from eight to six (three designated by FT1CI and three designated by common agreement of Finmeccanica and CDP). The chairman of the supervisory board of the holding company shall be designated for a three-year term by one shareholder (with the other shareholder entitled to designate the Vice Chairman), such designation to alternate between Finmeccanica and CDP on the one hand and FT1CI on the other hand. The current Chairman is Mr. Matteo del Fante (following the resignation of Mr. Gilbert Lehmann in 2008).

During the Balance Period, any other decision, to the extent that a resolution of the holding company is required, must be pursuant to the unanimous approval of the shareholders, including but not limited to the following: (i) the definition of the role and structure of the Company's Managing Board and Supervisory Board, and those of the holding company; (ii) the powers of the Chairman and the Vice Chairman of the Company's Supervisory Board, and that of the holding company; (iii) information by the Company's Managing Board and by the Company's Supervisory Board, and those of the holding company; (iv) treatment of confidential information; (v) appointment of any additional members of the Company's Managing Board and that of the holding company; (vi) remuneration of the members of the Company's Managing Board and those of the holding company; (vii) internal audit of STMicroelectronics N.V. and of the holding company; (viii) industrial and commercial relationships between STMicroelectronics N.V. and either or both Italian Shareholders or STMicroelectronics N.V. and either or both FT1CI shareholders, or any of their affiliates; and (ix) any of the decisions listed in article 16.1 of the Company's Articles of Association including its budget and pluri-annual plans.

As regards STMicroelectronics N.V. during the Balance Period: (i) each of the STH Shareholders (FT1CI on the one hand, and Finmeccanica and CDP on the other hand) shall have the right to insert on a list prepared for proposal by the holding company to the Company's annual shareholders meeting the same number of members for election to the Supervisory Board, and the holding company shall vote in favor of such members; (ii) the STH Shareholders will cause the holding company to submit to the Company's annual shareholders meeting and to vote in favor of a common proposal for the appointment of the Managing Board; and (iii) any decision relating to the voting rights of the holding company in the Company shall require the unanimous approval of the holding company shareholders and shall be submitted by the holding company to the Company's annual shareholders meeting. The STH Shareholders also agreed that the Chairman of the Company's Supervisory Board will be designated upon proposal of an STH Shareholder for a three-year term, and the Vice Chairman of the Company's Supervisory Board will be designated upon proposal of the other STH Shareholder for the same period, and vice-versa for the following three-year term. The STH Shareholders further agreed that the STH Shareholder proposing the appointment of the Chairman be entitled to propose the appointment of the Assistant Secretary of the Company's Supervisory Board, and the STH Shareholder proposing the appointment of the Vice Chairman be entitled to propose the appointment of the Secretary of the Company's Supervisory Board. Finally, each STH Shareholder is entitled to appoint a Financial Controller to the Supervisory Board. The Company's Secretary, Assistant Secretary and two Financial Controllers are referred to as professionals (not members) of the Company's Supervisory Board.

In addition, the following resolutions, to the extent that a resolution of the holding company is required, must be resolved upon by a shareholders' resolution of the holding company, which shall require the unanimous approval of the STH Shareholders: (i) any alteration in the holding company's articles of association; (ii) any issue, acquisition or disposal by the holding company of its shares or change in share rights; (iii) any alteration in the Company's authorized share capital or issue by the Company of new shares and/or of any financial instrument giving rights to subscribe for its common shares; any acquisition or disposal by the holding company of the Company's shares and/or any right to subscribe for the Company's common shares; any modification to the rights attached to the Company's common shares; any merger, acquisition or joint venture agreement to which the Company is or is proposed to be a party; and any other items on the agenda of its general shareholders meeting; (iv) the liquidation or dissolution of the holding company; (v) any legal merger, legal de-merger, acquisition or joint venture agreement to which the holding company is proposed to be a party; and (vi) the adoption or approval of the Company's annual accounts or those of the holding company or a resolution concerning a dividend distribution by the Company.

At the end of the Balance Period, the members of the Company's Supervisory Board and those of the holding company designated by the minority shareholder of the holding company will immediately resign upon request of the holding company's majority shareholder, subject to the rights described in the previous paragraph.

After the end of the Balance Period, unanimous approval by the shareholders of the holding company remains required to approve:

(i) As long as any of the shareholders indirectly owns at least equal to the lesser of 3% of the Company's issued and outstanding share capital or 10% of the remaining STH Shareholders' stake in the Company at such time, with respect to the holding company, any changes to the articles of association, any issue, acquisition or disposal of shares in the holding company or change in the rights of its shares, its liquidation or dissolution and any legal merger, de-merger, acquisition or joint venture agreement to which the holding company is proposed to be a party.

(ii) As long as any of the shareholders indirectly owns at least 33% of the holding company, certain changes to the Company's articles of association (including any alteration in its authorized share capital, or any issue of share capital and/or financial instrument giving the right to subscribe for the Company's common shares, changes to the rights attached to its shares, changes to the preemptive rights, issues relating to the form, rights and transfer mechanics of the shares, the composition and operation of the Managing and Supervisory Boards, matters subject to the Supervisory Board's approval, the Supervisory Board's voting procedures, extraordinary meetings of shareholders and quorums for voting at shareholders meetings).

(iii) Any decision to vote the Company's shares held by the holding company at any general meeting of its shareholders with respect to any substantial and material merger decision. In the event of a failure by the shareholders to reach a common decision on the relevant merger proposal, the Company's shares attributable to the minority

shareholder and held by the holding company will be counted as present for purposes of a quorum of shareholders at one of the Company's shareholders meetings, but will not be voted (i.e., will be abstained from the vote in a way that they will not be counted as a negative vote or as a positive vote).

(iv) In addition, the minority shareholder will have the right to designate at least one member of the list of candidates for the Company's Supervisory Board to be proposed by the holding company if that shareholder indirectly owns at least 3% of its total issued and outstanding share capital, with the majority STH Shareholder retaining the right to appoint that number of members to the Company's Supervisory Board that is at least proportional to such majority STH Shareholder's voting stake.

Finally, at the end of the Balance Period, the unanimous approval required for other decisions taken at the STMicroelectronics N.V. level shall only be compulsory to the extent possible, taking into account the actual power attached to the direct and indirect shareholding together held by the STH Shareholders in the Company.

Disposals of the Company's Common Shares

The STH Shareholders' Agreement provides that each STH Shareholder retains the right to cause the holding company to dispose of its stake in the Company at its sole discretion, provided it is pursuant to either (i) the issuance of financial instruments, (ii) an equity swap, (iii) a structured finance deal or (iv) a straight sale. ST Holding II may enter into escrow arrangements with STH Shareholders with respect to the Company's shares, whether this be pursuant to exchangeable notes, securities lending or other financial instruments. STH Shareholders that issue exchangeable instruments may include in their voting stake the voting rights of the underlying shares provided they remain freely and continuously held by the holding company as if the holding company was still holding the full ownership of the shares. STH Shareholders that issue financial instruments with respect to the Company's underlying shares may have a call option over those shares upon exchange of exchangeable notes for common shares.

As long as any of the parties to the STH Shareholders' Agreement has a direct or indirect interest in the Company, except in the case of a public offer, no sales by a party may be made of any of the Company's shares or of FT1CI, ST Holding or ST Holding II to any of the Company's top ten competitors, or any company that controls such competitor.

Re-adjusting and Re-balancing options

The STH Shareholders' Agreement provides that the parties have the right, subject to certain conditions, to re-balance their indirect holdings in the Company's shares to achieve parity between FT1CI on the one hand and Finmeccanica and CDP on the other hand. If at any time prior to March 17, 2011, the voting stake in the Company of one of the STH Shareholders (FT1CI on the one hand, and Finmeccanica and CDP on the other hand) falls below 10.5% due either to (a) the exchange by a third party of any exchangeable instruments issued by an STH Shareholder or (b) to an issuance by the Company of new shares subscribed to by a third party, such STH Shareholder will have the right to notify the other STH Shareholder of its intention to exercise a "Re-adjusting Option". In such case, the STH

Shareholders will cause the holding company to purchase the number of the Company's common shares necessary to increase the voting stake of such STH Shareholder to 10.5% of the Company's issued and outstanding share capital.

If by December 17, 2010, the Balance Period has not already expired and if on such date the voting stake of one of the STH Shareholders (FT1CI on the one hand, and Finmeccanica and CDP on the other hand) has fallen below 47.5% of the Company's issued and outstanding share capital, such STH Shareholder will have the right to notify the other STH Shareholder of its intention to exercise a "Re-balance Option" no later than 30 Business Days prior to March 17, 2011. In such case, the STH Shareholders will cause the holding company to purchase before March 17, 2011 the number of the Company's common shares necessary to re-balance at 50/50% the respective voting stakes of the STH Shareholders.

Change of Control Provision

The STH Shareholders' Agreement provides for tag-along rights, preemptive rights, and provisions with respect to a change of control of any of the shareholders or any controlling shareholder of FT1CI, on the one hand, and the Italian Shareholders, on the other hand. The shareholders may transfer shares of the holding company or FT1CI to any of the shareholders' affiliates, which would include the Italian state or the French state with respect to entities controlled by a state. The shareholders and their ultimate shareholders will be prohibited from launching any takeover process on any of the other shareholders.

Non-competition

Pursuant to the terms of STH Shareholders' Agreement, neither the Company nor ST Holding are permitted, as a matter of principle, to operate outside the field of semiconductor products. The parties to the STH Shareholders' Agreement also undertake to refrain directly or indirectly from competing with the Company in the area of semiconductor products, subject to certain exceptions, and to offer the Company opportunities to commercialize or invest in any semiconductor product developments by them.

Deadlock

In the event of a disagreement that cannot be resolved between the parties as to the conduct of the business and actions contemplated by the STH Shareholders' Agreement, each party has the right to offer its interest in ST Holding to the other, which then has the right to acquire, or to have a third party acquire, such interest. If neither party agrees to acquire or have acquired the other party's interest, then together the parties are obligated to try to find a third party to acquire their collective interests, or such part thereof as is suitable to change the decision to terminate the agreement. The STH Shareholders' Agreement otherwise terminates in the event that one of the parties thereto ceases to hold shares in ST Holding.

Preference Shares

On May 31, 1999, the Company's shareholders approved the creation of preference shares that entitle a holder to full voting rights at any meeting of shareholders and

to a preferential right to dividends and distributions. On the same day, the Company entered into an option agreement with ST Holding II as a protective mechanism against hostile takeovers or similar actions that are determined to be contrary to the interests of the Company and its shareholders. On November 27, 2006, the Company's Supervisory Board decided to terminate the May 31, 1999 option agreement, as amended. A new option agreement has been entered into with Stichting Continuïteit ST (the "Stichting"), which is a foundation independent from the Supervisory Board and the Company's major shareholders. The May 31, 1999 option agreement, as amended, was terminated by mutual consent by ST Holding II and the Company on February 7, 2007.

The new option provides for the issuance of 540,000,000 preference shares, the same number as the agreement May 31, 1999 option agreement. The preference shares would be issued by the Company to the Stichting, upon its request and in its sole discretion. The preference shares would be issuable in the event of an unsolicited offer or acquisition, which is unsupported by the Company's Managing and Supervisory Boards and which the Stichting determines would be contrary to the interests of the Company and the Company's shareholders. If the Stichting exercises its call options and acquires preference shares, it must pay at least 25% of the par value of such preference shares. If the Stichting has exercised the option so as to enable it to exercise 30% or more of the voting rights in any general meeting of shareholders of the Company, it is obliged to cancel the preference shares after two years. This measure is effected by the Stichting requesting the Supervisory Board to proceed with the cancellation of the preference shares issued to it against repayment of the amounts paid up on the preference shares. Under the Company's articles of association, the general meeting of shareholders must approve any cancellation of preference shares upon a proposal made to this effect by the Supervisory Board.

No preference shares have been issued to date. The effect of the preference shares may be to deter potential acquirers from effecting an unsolicited acquisition resulting in a change of control. In addition, any issuance of additional capital within the limits of the Company's authorized share capital, as approved by its shareholders, is subject to approval by its Supervisory Board, other than pursuant to an exercise of the call option granted to the Stichting.

Other Shareholders' agreements

Italian Shareholders' Pact

In connection with the transfer of an interest in ST Holding from Finmeccanica to CDP, Finmeccanica and CDP entered into a shareholders' pact (the "Italian Shareholders' Pact") on November 26, 2004 setting forth the rights and obligations of their respective interests as shareholders of ST Holding. Pursuant to the terms of the Italian Shareholders' Pact, CDP became a party to the STH Shareholders' Agreement. Under the Italian Shareholders' Pact, CDP will have the right to exercise certain corporate governance rights in the Company previously exercised by Finmeccanica under the STH Shareholders' Agreement.

The Italian Shareholders' Pact provides that CDP has the right to appoint one of the two members of the ST Holding's Managing Board. Moreover, CDP will have the

right to nominate a number of representatives to the Supervisory Board of ST Holding, ST Holding II and STMicroelectronics N.V. In particular, CDP has the right to propose two members for membership on the Company's Supervisory Board, while one member will be proposed by Finmeccanica for so long as Finmeccanica owns indirectly at least 3% of the Company's capital. If and when its indirect interest in the Company is reduced below such threshold, Finmeccanica will cause its appointed director to resign and be replaced by a director appointed by CDP.

French Shareholders' Pact

Following FT1CI's acquisition of approximately 26 million of the Company's shares representing approximately 2.85% of the Company's share capital, which was financed by CEA, CEA has become a minority shareholder of FT1CI and now adheres to the STH Shareholders' Agreement.

Statutory Considerations

As is the case with other companies controlled by the French government, the French government has appointed a Commissaire du Gouvernement and a Contrôleur d'Etat for FT1CI. Pursuant to Decree No. 94-214, dated March 10, 1994, these government representatives have the right (i) to attend any board meeting of FT1CI, and (ii) to veto any board resolution or any decision of the president of FT1CI within ten days of such board meeting (or, if they have not attended the meeting, within ten days of the receipt of the board minutes or the notification of such president's decision); such veto lapses if not confirmed within one month by the Ministry of the Economy or the Ministry of the Industry. FT1CI is subject to certain points of the Decree of August 9, 1953 pursuant to which the Ministry of the Economy and any other relevant ministries have the authority to approve decisions of FT1CI relating to budgets or forecasts of revenues, operating expenses and capital expenditures. The effect of these provisions may be that the decisions taken by the Company and the Company's subsidiaries that, by the terms of the STH Shareholders' Agreement, require prior approval by FT1CI, may be adversely affected by these veto rights under French law.

Pursuant to the principal Italian privatization law, certain special government powers may be introduced into the bylaws of firms considered strategic by the Italian government. In the case of Finmeccanica, these powers were established by decrees adopted by the Minister of the Treasury on November 8, 1999, and Finmeccanica's bylaws were subsequently amended on November 23, 1999. The aforementioned decrees were amended by the Law Decree 350 enacted on December 24, 2003, and Finmeccanica has modified its bylaws accordingly. The special powers of the Minister of the Treasury (who will act in agreement with the Minister of Industry) include: (i) the power to object to the acquisition of material interests in Finmeccanica's share capital; (ii) the power to object to material shareholders' agreements relating to Finmeccanica's share capital; (iii) the power to appoint one member of Finmeccanica's board of directors without voting rights; and (iv) the power to veto resolutions to dissolve Finmeccanica, transfer its business, merge, conduct spin-offs, transfer its registered office outside of Italy, change its corporate purposes, or amend or modify any of the Minister of the Treasury's special powers.

Pursuant to Law Decree 269 of September 30, 2003 (as subsequently amended) and Decree of the Ministry of the Economy and Finance of December 5, 2003, CDP was transformed from a public entity into a joint stock limited liability company (società per azioni). While transforming itself into a holding company, CDP maintained its public interest purpose. CDP's core business is to finance public investments and more specifically infrastructure and other major public works sponsored by the Republic of Italy, regions, local authorities, public agencies and other public bodies. By virtue of a special provision of Law Decree 269, the Ministry of Economy and Finance will always be able to exercise its control over CDP.
