

STMicroelectronics N.V.
Consolidated Statements of Income
(in million of U.S. dollars, except per share data (\$))

Three Months Ended	
(Unaudited)	(Unaudited)
April 2, 2005	March 27, 2004
Net sales	2,081
Other revenues	2
NET REVENUES	2,083
Cost of sales	-1,398
GROSS PROFIT	685
Selling, general and administrative	-265
Research and development	-404
Other income and expenses, net	-6
Impairment, restructuring charges and other related closure costs	-78
Total Operating Expenses	-753
OPERATING INCOME (LOSS)	-68
Interest income (expense), net	7
INCOME (LOSS) BEFORE INCOME TAXES	-4
AND MINORITY INTERESTS	-61
Income tax benefit	31
INCOME (LOSS) BEFORE MINORITY INTERESTS	-30
Minority interests	-1
NET INCOME (LOSS)	-31
EARNINGS (LOSS) PER SHARE (BASIC)	-0.03
EARNINGS (LOSS) PER SHARE (DILUTED)	-0.03
NUMBER OF WEIGHTED AVERAGE	
SHARES USED IN CALCULATING	893.1
DILUTED EARNINGS (LOSS) PER SHARE	938.7

CONSOLIDATED BALANCE SHEETS

As at	April 2,	December 31,	March 27,
In million of U.S. dollars	2005	2004	2004
	(Unaudited)	(Audited)	(Unaudited)
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	1,162	1,950	2,103
Marketable securities	525	0	1,030
Trade accounts receivable, net	1,414	1,408	1,398
Inventories, net	1,369	1,344	1,071
Deferred tax assets	141	140	104
Other receivables and assets	740	785	605
Total current assets	5,351	5,627	6,311
Goodwill	228	264	260
Other intangible assets, net	250	291	312
Property, plant and equipment, net	7,039	7,442	6,447
Long-term deferred tax assets	59	59	43
Investments and other non-current assets	119	117	104
	7,695	8,173	7,166
Total assets	13,046	13,800	13,477
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Current liabilities:			
Bank overdrafts	37	58	4
Current portion of long-term debt	158	133	443
Trade accounts payable	1,027	1,352	1,230
Other payables and accrued liabilities	852	776	686
Deferred tax liabilities	7	17	8
Accrued income tax	157	176	160
Total current liabilities	2,238	2,512	2,531
Long-term debt	1,702	1,767	2,555
Reserve for pension and termination indemnities	265	285	236
Long-term deferred tax liabilities	50	63	35
Other non-current liabilities	22	15	38
	2,039	2,130	2,864
Total liabilities	4,277	4,642	5,395
Commitment and contingencies			
Minority interests	49	48	45
Common stock (preferred stock: 540,000,000 shares authorized, not issued; common stock: Euro 1.04 nominal value, 1,200,000,000 shares authorized, 905,372,326 shares issued, 891,972,326 shares outstanding)	1,150	1,150	1,150
Capital surplus	1,925	1,924	1,915
Accumulated result	5,237	5,268	4,851
Accumulated other comprehensive income	756	1,116	469
Treasury stock	-348	-348	-348
Shareholders' equity	8,720	9,110	8,037
Total liabilities and shareholders' equity	13,046	13,800	13,477

CONSOLIDATED STATEMENTS OF CASH FLOWS

In million of U.S. dollars	Three Months Ended	
	April 2,	March 27,
	2005 (Unaudited)	2004 (Unaudited)
Cash flows from operating activities:		
Net income (loss)	-31	77
Items to reconcile net income and cash flows from operating activities		
Depreciation and amortization	506	421
Amortization of discount on convertible debt	1	11
Other non-cash items	2	-3
Minority interest in net income of subsidiaries	1	0
Deferred income tax	-23	-3
Impairment, restructuring charges and other related closure costs, net of cash payments	60	23
Changes in assets and liabilities:		
Trade receivables, net	-24	-125
Inventories, net	-65	44
Trade payables	-57	169
Other assets and liabilities, net	-11	-62
Net cash from operating activities	359	552
Cash flows from investing activities:		
Payment for purchases of tangible assets	-564	-321
Payment for purchases of marketable securities	-525	-1,030
Investment in intangible and financial assets	-11	-13
Payment for acquisitions, net of cash received	0	-3
Net cash used in investing activities	-1,100	-1,367
Cash flows from financing activities:		
Repayment of long-term debt	-20	-50
Decrease in short-term facilities	-19	-41
Capital increase	1	14
Net cash used in financing activities	-38	-77
Effect of changes in exchange rates	-9	-3
Net cash decrease	-788	-895
Cash and cash equivalents at beginning of the period	1,950	2,998
Cash and cash equivalents at end of the period	1,162	2,103