

2002 Fourth Quarter Report

STMicroelectronics N.V.

CONSOLIDATED STATEMENTS OF INCOME

(In millions of US dollars, except per share data (\$))

	Three Months Ended		Twelve Months Ended		
	As Reported	As Reported	As Reported	As Reported	Pro Forma
	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2002	Dec. 31, 2001	Dec. 31, 2001
Net sales	1,770.8	1,438.4	6,269.8	6,303.9	6,303.9
Other revenues	15.3	9.5	47.8	53.0	53.0
NET REVENUES	1,786.1	1,447.9	6,317.6	6,356.9	6,356.9
Cost of sales	(1,125.5)	(988.4)	(4,020.1)	(4,047.0)	(3,976.3)
GROSS PROFIT	660.6	459.5	2,297.5	2,309.9	2,380.6
Selling, general & administrative	(183.7)	(140.3)	(647.8)	(641.4)	(641.4)
Research & development	(282.4)	(220.8)	(1,022.3)	(977.9)	(977.9)
Other income and expenses	18.7	(16.9)	7.3	(6.1)	(6.1)
Impairment, restructuring charges and other related closure costs	(4.1)	(10.9)	(33.7)	(345.5)	0.0
Total Operating Expenses	(451.5)	(388.9)	(1,696.5)	(1,970.9)	(1,625.4)
OPERATING INCOME	209.1	70.6	601.0	339.0	755.2
Net interest income (expense)	(16.6)	(11.8)	(68.1)	(13.0)	(13.0)
Equity in earnings of joint ventures	0.0	(3.6)	(11.0)	(4.8)	(4.8)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	192.5	55.2	521.9	321.2	737.4
Income tax expense	(31.0)	(9.3)	(88.9)	(61.1)	(133.6)
INCOME BEFORE MINORITY INTERESTS	161.5	45.9	433.0	260.1	603.8
Minority interests	(0.9)	(0.9)	(3.6)	(3.0)	(3.0)
NET INCOME	160.6	45.0	429.4	257.1	600.8
EARNINGS PER SHARE (BASIC)*	0.18	0.05	0.48	0.29	0.67
EARNINGS PER SHARE (DILUTED)*	0.18	0.05	0.480	0.29	0.67
NUMBER OF WEIGHTED AVERAGE SHARES USED IN CALCULATING DILUTED EARNINGS PER SHARE	890.4	898.1	893.0	902.4	904.4

The pro forma amounts have been adjusted to eliminate the following :

	Dec. 31 2001
Excess inventory charge	70.7
Impairment and restructuring charges	345.5
	72.5
Income tax effect	(72.5)
TOTAL	342.7

Balance Sheet**As at**

(In millions of US dollars)

	December 31,2002	December 31,2001 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	2,561.8	2,438
Marketable securities	2.0	5.4
Trade accounts and notes receivable	1,094.9	902.4
Inventories	930.5	742.5
Other receivables and assets	601.6	468.5
Total current assets	5,190.8	4,557.6
Goodwill, net	158.9	63.0
Other intangible assets, net	311.6	149.6
Property, plant and equipment, net	6,219.6	5,888.2
Investments and other non-current assets	123.0	139.1
	6,813.17	6,239.9
Total assets	12,003.9	10,797.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank overdrafts	18.5	32.8
Current portion of long-term debt	146.0	96.5
Trade accounts and notes payable	912.4	936.1
Other payables and accrued liabilities	605.5	409.5
Accrued and deferred income tax	190.3	212.4
Total current liabilities	1,872.7	1,687.3
Long-term debt	2,796.9	2,771.5
Reserves for pension and termination indemnities	173.5	115.8
Other non-current liabilities	125.1	112.2
	3,095.5	2,999.5
Total liabilities	4,968.2	4,686.8
Commitment and contingencies		
Minority interest	41.8	36.0
Capital Stock	1,144.3	1,142.4
Capital surplus	1,863.5	1,836.0
Accumulated result	4,592.4	4,198.6
Accumulated other comprehensive loss	(258.0)	(869.0)
Treasury stock	(348.3)	(233.3)
Shareholders' equity	6,993.9	6,074.7
Total liabilities and shareholders' equity	12,003.9	10,797.5

SELECTED CONSOLIDATED FINANCIAL DATA

(In millions of US dollars)

Consolidated Balance Sheet Data (End of period)	Dec. 31, 2002	Dec. 31, 2001
Cash, cash equivalents marketable securities	2,563.8	2,444.2
Working capital	918.8	555.4
Total assets	12,003.9	10,797.5
Short-term debt (including current portion of long-term debt)	164.5	129.3
Long-term debt (excluding current portion)	2,796.9	2,771.5
Shareholders' equity	6,993.9	6,074.7
Consolidated Operating Data (Twelve months ended)	Dec. 31, 2002	Dec. 31, 2001
Payment for purchases of tangible assets	995.5	1,699.8
Net cash from operating activities	1,712.1	2,047.2
Net operating cash flow (defined as cash from operating activities net of investment for tangible and intangible assets)	340.5	225.4
Operating cash flow (excluding Alcatel Microelectronics purchase)	647.5	
Depreciation and amortization	1,382.2	1,320.2